



**AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

WIND TELECOMUNICAZIONI SPA

INTERIM FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2014



AUDITORS' REPORT ON THE REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Board of Directors of
Wind Telecomunicazioni SpA

- 1 We have reviewed the consolidated interim financial statements of Wind Telecomunicazioni SpA and its subsidiaries (Wind Telecomunicazioni Group) as of 30 September 2104, which comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and related explanatory notes. The directors of Wind Telecomunicazioni SpA are responsible for the preparation of the consolidated interim financial statements in accordance with International Accounting Standard IAS 34, applicable to interim financial reporting, as adopted by the European Union. Our responsibility is to issue this report based on our review.
- 2 We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The comparative data of the consolidated financial statements of the prior period, and the consolidated interim financial statements of the prior interim period, which are presented for comparative purposes, have been audited and reviewed, respectively, by other auditors and, consequently, reference is made to their reports dated 21 March 2014 and 8 November 2013.

PricewaterhouseCoopers SpA

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- 3 Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements of Wind Telecomunicazioni Group as of 30 September 2014 have not been prepared, in all material respects, in accordance with International Accounting Standard IAS 34, applicable to interim financial reporting, as adopted by the European Union.

Rome, 25 November 2014

PricewaterhouseCoopers SpA

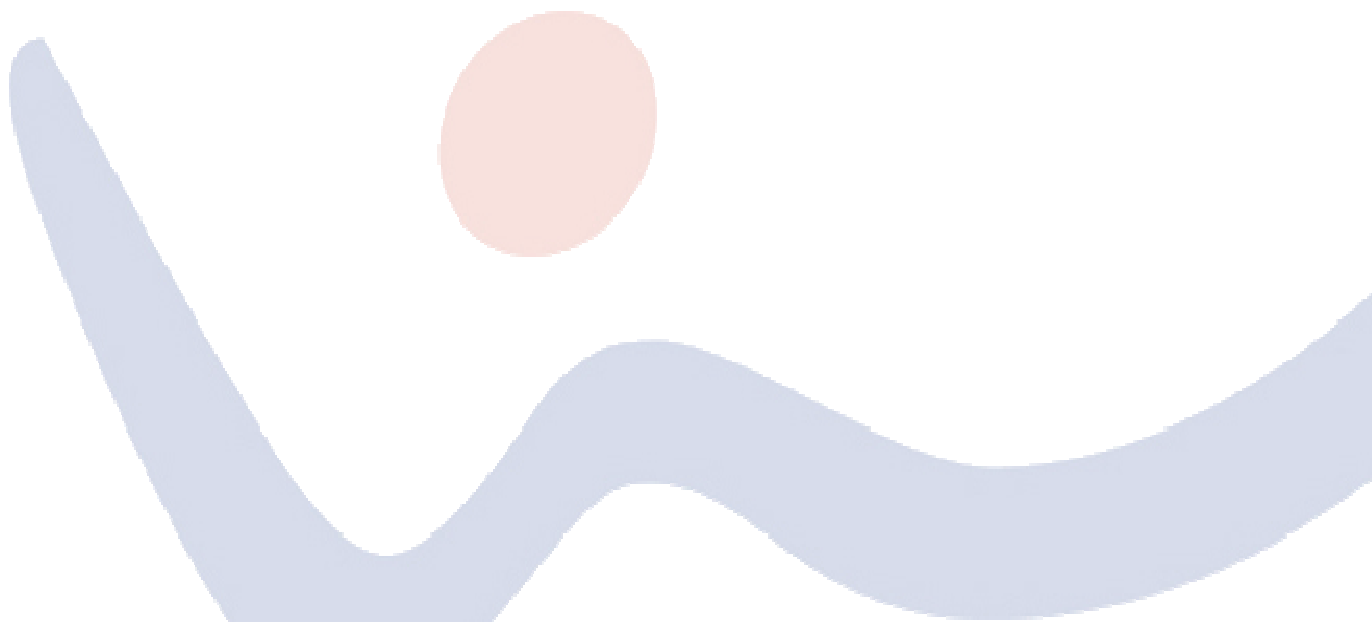
Signed by

Scott Cunningham
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

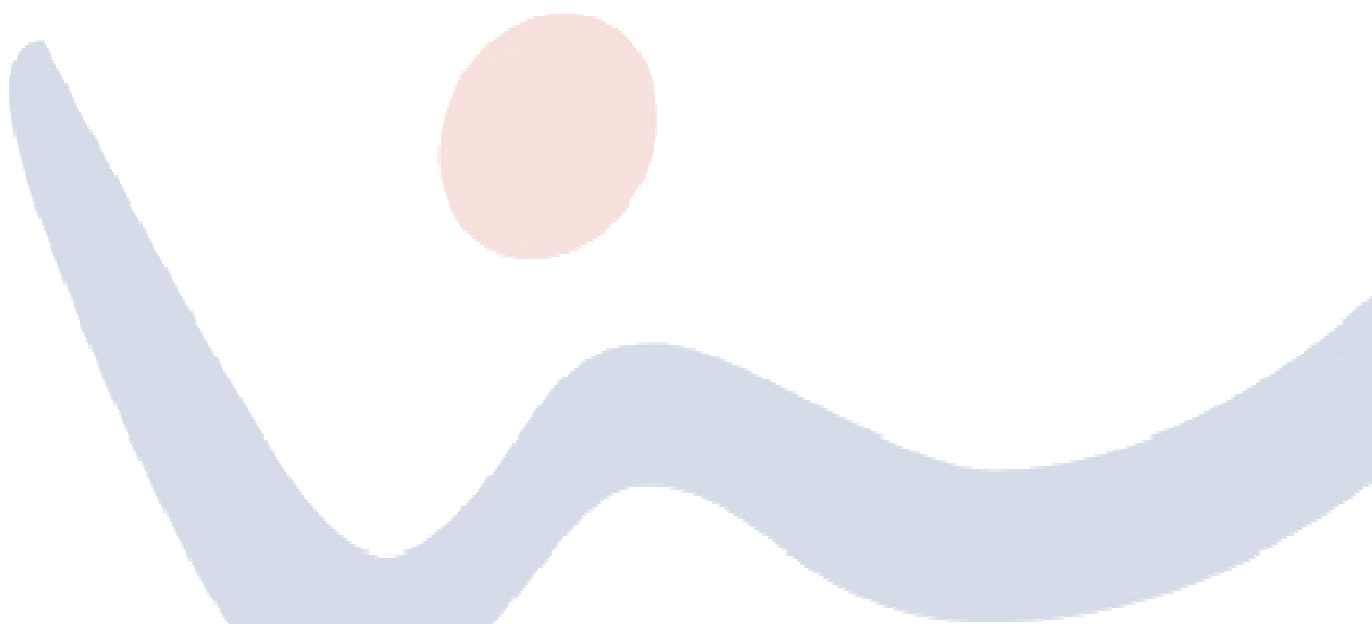
WIND TELECOMUNICAZIONI GROUP

**Consolidated interim financial statements as of and
for the nine-month period ended September 30, 2014**



WIND TELECOMUNICAZIONI GROUP

Report on operations at September 30, 2014



CONTENTS

THE WIND TELECOMUNICAZIONI GROUP..... 3

BOARD OF DIRECTORS AND CORPORATE BODIES OF WIND TELECOMUNICAZIONI SPA..... 4

WIND GROUP HIGHLIGHTS AT SEPTEMBER 30, 2014..... 5

THE ITALIAN TELECOMMUNICATIONS SERVICES MARKET 8

NETWORK 22

HUMAN RESOURCES 24

REGULATORY FRAMEWORK AT SEPTEMBER 30, 2014 27

OUTLOOK 41

THE WIND TELECOMUNICAZIONI GROUP

The WIND Telecomunicazioni Group (hereinafter also WIND Group or the Group) is a leading Italian telecommunications operator and offers mobile, Internet, fixed-line voice and data products and services to consumer and corporate subscribers.

The Group markets its mobile services through "WIND" brand and it provides voice, network access, international roaming and value added services, or "VAS," as well as mobile Internet services, to its mobile subscribers, through (i) the Global System for Mobile Communications ("GSM") and General Packet Radio Services allowing continuous connection to the Internet ("GPRS") (which are known as "second generation" or "2G" technologies), and (ii) universal mobile telecommunications systems, which are designed to provide a wide range of voice, high speed data and multimedia services ("UMTS") and high-speed downlink packet access ("HSDPA") technology (which are known as "third generation" or "3G" technologies). In line with the Italian telecommunications market, the majority of WIND mobile subscribers are pre-paid subscribers.

WIND is the main alternative fixed-line operator in Italy based on revenue. It markets its fixed-line voice, broadband and data services primarily through "Infostrada" brand.

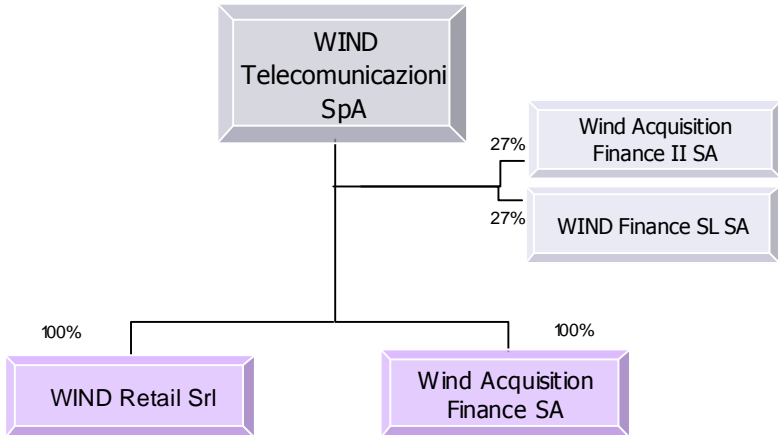
The following are the main offices of the Parent WIND Telecomunicazioni SpA:

Registered office	Via Cesare Giulio Viola, 48 - 00148 Rome - Italy
Secondary office	Via Lorenteggio, 257 - 20152 Milan - Italy

The Parent WIND Telecomunicazioni SpA (hereinafter also WIND or the Parent) is controlled by Wind Telecom SpA through WIND Acquisition Holdings Finance SpA, which wholly owns WIND Telecomunicazioni SpA.

At the present date Vimpelcom Amsterdam BV holds 92.24% of Wind Telecom.

The following diagram outlines the structure of the WIND Group at September 30, 2014.



BOARD OF DIRECTORS AND CORPORATE BODIES OF WIND TELECOMUNICAZIONI SPA

Board of Directors ⁽¹⁾

Chairman	Andrew Mark Davies
Directors	Maximo Ibarra, CEO
	Vincenzo Nesci
	Albert Hollema
	Felix Saratovsky

Board of Statutory Auditors ⁽²⁾

Chairman	Giancarlo Russo Corvace
Standing auditor	Roberto Colussi
Standing auditor	Maurizio Paternò di Montecupo
Substitute auditor	Lelio Fornabaio
Substitute auditor	Stefano Zambelli

⁽¹⁾ On February 27, 2014, Mr. Jo Olav Lunder resigned from his office as Board member of WIND and Chairman of the Board of Directors of the Company. On March 5, 2014 the Board of Directors of the Company co-opted Mr. Andrew Mark Davies as a member of the Board of Directors and Chairman of the Board until the shareholders' meeting of WIND approving the financial statement as of December 31, 2013. The shareholders' meeting of WIND dated April 18, 2014, that approved the financial statement of the Company as of December 31, 2013, appointed the new Board of Directors for a two- year term until the date of the shareholders' meeting convened for the approval of the Company's financial statements as at December 31, 2015. The Shareholders' meeting further confirmed Mr. Davies as Chairman of the Board of Directors of WIND. The Board of Directors of WIND convened on April 18, 2014 confirmed Mr. Maximo Ibarra as Chief Executive Officer of the Company.

⁽²⁾ The Shareholders' meeting held on April 12, 2013 appointed the Board of Statutory Auditors of the Company for a three-year term until the date of the shareholders' meeting convened for the approval of the Company's financial statements at December 31,2015.

WIND GROUP HIGHLIGHTS AT SEPTEMBER 30, 2014

The operating and financial data reported below are taken from the Group's consolidated financial statements as of and for the period ended September 30, 2014, prepared in accordance with the IFRS endorsed by the European Union.

Below are the main indicators of the WIND's Group on September 30, 2014, with a comparison with the corresponding figures for 2013.

Operational data

	At September 30, 2014	At September 30, 2013
Mobile customers (millions of SIM Cards)	21.8	22.4
Mobile ARPU (euro/month)	11.2	12.4
Fixed-line customers (millions of lines)	2.9	3.0
Fixed-line ARPU (euro/month)	29.6	30.8
Mobile network coverage ⁽¹⁾	99.86%	99.83%
Employees (headcount)	6,954	6,948

⁽¹⁾ As a percentage of the Italian population.

Income statement figures (millions of euro)

	2014 9 months	2013 9 months
Revenue	3,511	3,746
EBITDA ⁽¹⁾	1,386	1,443
Operating income	472	493
Net finance expense	(1,216)	(671)
Loss for the period attributable to the owners of the parent	(661)	(259)

⁽¹⁾ Operating income before depreciation and amortization, reversal of impairment losses/impairment losses on non-current assets and gains/losses on disposal of non-current assets

Statement of financial position figures (millions of euro)

	At September 30, 2014	At December 31, 2013
Total assets	14,582	13,956
Equity attributable to		
owners of the parent	126	787
non-controlling interests	0.0	0.1
Total liabilities	14,456	13,170
Net financial indebtedness	9,915	9,146

Total **revenue** in the nine months ended September 30, 2014, reached €3,511 million decreasing by 6%. This effect is mainly due to a decrease in revenue from telephone services, revenue from sales and revenue from *Interconnection traffic*.

Telephone services are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 10% in the first nine months of 2014 compared with 2013, thanks to the substantial maintenance in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

The decrease in *Revenue from sales* is due to the decrease in the sale of mobile telephone handsets only partially offset by a shift in sales towards high-range terminals.

Interconnection traffic revenue decrease mainly due to the general reduction of unit tariffs, only partially offset by an increase in interconnection traffic revenue from VAS Not Voice due to an increase in traffic volumes.

EBITDA amounted to €1,386 million in the first nine months of 2014, a decrease of € 57 million compared to the corresponding period of 2013 while **Operating income** for the first nine months of 2014 amounted to €472 million, a decrease of €21 million compared with the first nine months of 2013.

Net finance expense for the first nine months of 2014 amounted to €1,216 million, an increase of €545 million compared with the first nine months of 2013 mainly due to the expenses arising from refinancings that occurred in April and July 2014.

Loss for the first nine months of 2014 attributable to owners of the Parent closes at €661 million, compared to a loss of €259 million for the first nine months of 2013.

Net financial indebtedness totaled €9,685 million at September 30, 2014, an increase of €769 million over December 31, 2013. The following table sets out the components of net financial indebtedness at September 30, 2014 and the changes which have occurred since December 31, 2013.

<i>(millions of euro)</i>	At September 30, 2014	At December 31, 2013	Change amount	%
FINANCIAL LIABILITIES				
Non-current financial liabilities				
Bonds	8,636	6,281	2,355	37.5%
Financing from banks	1,721	2,291	(570)	(24.9)%
Financing from other lenders	311	330	(19)	(5.8)%
Derivative financial instruments	84	182	(98)	(53.8)%
Current financial liabilities				
Bonds	178	181	(3)	(1.7)%
Financing from banks	162	146	16	11.0%
Financing from other lenders	115	143	(28)	(19.6)%
Derivative financial instruments	-	15	(15)	(19.6)%
TOTAL GROSS FINANCIAL INDEBTEDNESS (A)	11,207	9,569	1,638	17.1%
FINANCIAL ASSETS				
Non-current financial assets				
Derivative financial instruments	165	69	96	n.m.
Financial receivables	943	40	903	n.m.
Current financial assets				
Financial receivables	41	173	(132)	(76.3)%
Cash and cash equivalents	143	141	2	(76.3)%
TOTAL FINANCIAL ASSETS (B)	1,292	423	869	n.m.
NET FINANCIAL INDEBTEDNESS (A-B)	9,915	9,146	769	8.4%

THE ITALIAN TELECOMMUNICATIONS SERVICES MARKET

Industry overview

Italy is Europe's fourth largest telecommunications services market by revenue. The total value of the Italian mobile market for 2014 is estimated to be approximately €13 billion, less than 2013 due to a contraction in voice services that is only partially offset by an increase in internet services.

The Italian fixed-line market (Voice and VAS) for 2014 is estimated to be worth approximately €6 billion, a decrease over 2013 mainly as the result of a drop in voice traffic revenues. Value added service revenues are estimated to represent 10% of this market. The value of the internet access industry for 2014 is estimated to be approximately €4.3 billion, with the broadband segment accounting for the whole market.

The mobile network telecommunications services market in the first half of 2014 saw Operators continue to compete for new customers, above all by differentiating their offer portfolios and through competition on tariff plans. The market is increasingly dominated by bundle offers which in addition to including voice, SMS and data traffic, also in "unlimited" packages, are enriched with contents such as videos, sport, music and information. The traffic volumes included in the bundle continue to represent the main variable in the offers which, in certain cases, have been rationalized and reformulated as far as prices are concerned. The style in which the offers are communicated has changed over the nine months: the focus has been shifted onto contents and new devices. Mobile navigation has continued to remain at a sustained level through the addition among other things of streaming services, contents connected with Apps and 4G navigation. Operators have included additional options in their portfolios regarding increased traffic in their bundles and the supply of handsets at reduced prices. As far as the latter are concerned, the latest Samsung, Microsoft and Apple models were launched in the second and third quarters.

Finally, Operators continued developing innovative services in terms of contents and security, with particular attention being placed on contactless SIM-based services, machine-to-machine services, money transfers by mobile phone, mobile POS, e-commerce, m-payment, m-ticketing, Cloud, Social and direct billing with the intention of providing a significant stimulus to data traffic usage.

The use of 4G services was promoted on the **Business market** and new packages containing voice, SMS and data traffic out of Italy and into Italy were introduced. Particular emphasis was given to rechargeable plans for sole traders and businesses on which the government concessionary tax is not applied and to mobile POS offers, following the introduction of the requirement for all small businesses to have a POS device onsite from the end of June.

Offers for the **Consumer market** were revised with the reshaping of certain profiles, with tariffs for calling abroad and initiatives designed to reward both new customers and those who remain loyal. The offer of contents was extended in the second and third quarters and, in certain cases, the possibility exists of associating a tariff plan with a number of different SIM cards.

In the first nine months of 2014 the fixed network telecommunications services market continued to propose bundle offers with telephone calls and ADSL navigation, to which Operators added calls to mobile numbers, calls abroad and in some cases SIMs for mobile network services. Voice and data plans were proposed with promotions discounting monthly fees and activation and hire charges for WiFi modems, and including technological products (PCs, smartphones and tablets).

The offer addressed to the residential market has been rationalized: the leading Operators have proposed voice and broadband profiles on both ADSL and fiber, with unlimited national calls and discounts on international calls.

Convergent plans with a single bill were launched in the first quarter of the year for fixed and mobile network services, while in the second quarter the offer concentrated on Pay-TV, Video on Demand, music and information contents, thanks also to new partnerships.

Voice and data bundle offers became increasingly widespread in the Business world, enriched with additional volumes of fixed-mobile traffic, international traffic and integration with mobile network services. Cloud and Unified Communication, supplemented by plans for connectivity, were the subject of the offers made by the main Operators, together with a few targeted solutions for businesses having facilities at several locations and hotels.

The ultra-broadband internet offer continued to spread; in the third quarter the leading Operators announced new development plans for developing optic fiber networks.

In September, the coverage of ultra-broadband networks (above 30 Mbps) in Italy reached 28% of the population with 130 urban centers, the majority of which in the north of Italy. In addition, under the Operators' plans this coverage is expected to arrive at 50% by 2016.

Mobile telecommunications

The Italian mobile telephone market is the fourth largest European market by revenue after France, the United Kingdom and Germany. There are four infrastructure operators in Italy who offer mobile telephone services to the approximately 88.1 million SIMs registered at September 30, 2014, equal to a penetration rate of approximately 145% of the Italian population. The penetration figure is distorted by the widespread use of more than one SIM card by many customers. It is estimated that approximately 80% of Italian mobile customers subscribe to prepaid mobile telephone services, which have low customer acquisition costs and higher margins than other European countries.

Excluding MVNOs, at September 30, 2014 WIND had an estimated market share of 24.7%, while Telecom Italia and Vodafone had shares of 34.5% and 29.5% respectively, and H3G 11.3%.

Fixed telephone services market

Voice

The Italian fixed-line telephone services market is the fourth largest by value in Europe after Germany, France and the United Kingdom. Telecom Italia dominates this market even though it was liberalized in 1988. In addition to Telecom Italia and WIND, the main players are Fastweb, BT Italia, Vodafone/Teletu and Tiscali.

Internet

At September 30, 2014, broadband internet access had reached a penetration level of 68% of the total of fixed lines in Italy. Broadband services in Italy have been rising rapidly since 2001 to reach approximately 13.8 million connections or approximately 23% of the population. Despite the recent significant growth in broadband, Italy is still behind other European countries.

COMMERCIAL AND OPERATING PERFORMANCE

Mobile telephony

At September 30, 2014, WIND had 21.8 million mobile telephone customers, a slight decrease over September 30, 2013, thus further increasing its market share (calculated by excluding MVNO operators) by 0.4 percentage points to reach 24.7% compared to 24.3% in 2013.

The following table sets out the main indicators of mobile telephony services.

Mobile telephony	2014 9 M	2013 9 M	Change
Customer base (millions of SIM cards)	21.8	22.4	(3%)
Revenues (millions of euros)	2,386.8	2,670.6	(11)%
Voice traffic (billions of minutes)	51.5	45.8	13%
ARPU (euros/month)	11.2	12.4	(10)%
Data ARPU as a % of total ARPU	38.9%	34.8%	

WIND's offers reflect the values of clarity, simplicity and transparency, the same as those of the Group, ensuring customers the freedom to communicate without a connection charge and the possibility of having a "Real minute" tariff, meaning a tariff based on the actual number of seconds of conversation with no advance increments, plus the additional possibility of being able to keep the available number of minutes, messages and gigabytes under control by using a dedicated number or the MyWIND App.

WIND's rechargeable offer provides a wide range of solutions to choose from: the *All Inclusive* solutions and the *Noi* solutions, which consist solely of voice traffic. WIND has additionally introduced the possibility for all customers, new and old alike, to customize their offer, thanks to a range of options which allow the *Noi* or *All Inclusive* solution selected to be increased by more minutes, more SMSs and more internet.

An important innovation in 2013, which WIND also confirmed as the cornerstone of its offer in the first nine months of 2014, is WIND Best Price, under which the *Unlimited* subscription and rechargeable offer is automatically updated, ensuring that the customer always obtains the best price.

In the subscription world, WIND continues to propose dedicated promotions to encourage potential customers to pass over from other operators.

In addition, the subscription portfolio was enriched in June with the new entry level offer *All Inclusive King*, which for a monthly charge of €17 provides 800 minutes, 400 SMSs and 2GB of internet. Looking on the other hand at the data portfolio, in the first nine months of 2014 WIND simplified its subscription offer by proposing two denominations, 3GB and 10GB. The possibility still remains for *All Inclusive* customers to add internet traffic on a secondary SIM card at a cost of only €5 a month with the *Digital Super SIM* offer.

In the rechargeable market WIND proposed significant innovations in the first nine months of 2014.

With its *Open Internet* offers WIND has launched an internet portfolio having denominations of 3GB, 6GB and 12GB to respond to all needs with a completely new functionality: the possibility of sharing the gigabytes included in the offer chosen with other SIMs, in order to be able to use them simultaneously on smartphones and tablets or with members of the family.

The new internet offers reflect WIND's customary values of transparency, clarity and customer care, offering customers the possibility, in the event that all the GBs included in their offer are used up, to restart the option in advance using the *Restart* service or to change their *Open Internet* at no cost.

Another important innovation introduced by WIND is the promotion dedicated to both new and existing customers: *Bring your friends to WIND* which provides three months of unlimited calls to everyone and one year of internet free of charge to customers introducing friends from other operators and friends passing over to WIND, with the added possibility of creating a viral effect, the more friends you bring the more months of promotion you can have.

In July, WIND additionally revolutionized the classic offer schemes with a new solution: *All Digital*.

With the *All Digital* offer the customer has more internet available and a number of benefits: 2 gigabytes of internet, 200 real minutes and 100 SMSs to everyone, and, as a present, a bonus of €3 which can be used to buy books, games, apps, music and films on the Google Play and Windows Phone stores. The offer is designed to meet the needs of digital customers by providing more benefits and a new purchasing experience: anyone choosing *All Digital*, in fact, orders products on the wind.it website and collects them directly at a WIND store, with no delivery time, buying at undoubtedly interesting prices.

The numerous benefits of the offer are ensured thanks to a completely digital management model: *All Digital* customers make their top-ups online and use self-care and social assistance channels put at their disposal by WIND. WIND has long had solutions available for its rechargeable and subscription customers that allow them to purchase a new smartphone by installment at exclusive prices; the difference in these nine months is an exclusive offer that WIND has dedicated to its rechargeable customers for at least one year: a smartphone by installment at an even more advantageous price and above all with an extra 1GB free of charge for the whole of the *Telefono Incluso* contract term.

In line with its "closer" to customers positioning, WIND has introduced a product portfolio wholly dedicated to non-Italian customers with solutions tailored to their needs: advantageous tariffs for calling abroad, unlimited calls towards WIND and with *Call Your Country Super* a complete solution including minutes towards everyone and internet included.

Business voice offer

WIND provides a wide range of voice services to its corporate customers, to small and medium businesses (SMEs) and to professionals (the SOHO market), with tailored offers to suit each market segment.

WIND offers customized services tailored to the specific requirements of large-scale businesses which often call for offers on a competitive basis for their mobile telephony needs. With its offer based on a business's budget, WIND has increased its package of proposed services based on "all inclusive" monthly charge solutions: customers establish their telephone spending at a company level by identifying traffic packages shared by all of their SIMs, thus keeping control of their budget at both a global level and at a single SIM level. In 2014 the Large WIND market has again also been able to benefit from the *All Inclusive Business* offers in both the package and *Unlimited* version. The larger companies are increasingly gearing themselves towards offers in prepaid mode so that they can further increase control over their telecommunication expenses.

Faced with an increasing interest in mobile applications (apps) designed to take certain business processes into mobility, WIND has additionally launched Enterprise Mobility Services through strategic partnerships and vertical system integrator agreements.

For the population of professionals, self-employed workers and small businesses, WIND Business is present in the pull channel (WIND Retail, Dealer, Franchising, large retail chains (GDOs)) with its *All Inclusive* subscription offer

which includes minutes and SMSs to anyone, unlimited internet from smartphones and unlimited calls between colleagues. The top of the range offer is *All Inclusive Unlimited Premium* which includes unlimited minutes, SMSs and internet in Italy, 1000 minutes of calls to abroad and bundles of calls, SMSs and internet in roaming. The *Telefono Incluso* option can be combined with the bundles

In addition, the new *Ricarica Smart* service in the *All Inclusive Unlimited* offer was launched on the pull sales channel in November 2013. This enables customers to automatically top up their credit for an amount equal to the monthly fee for the offer; further, an automatic account statement service is offered free of charge to customers registered for VAT, which is useful for tax purposes.

The WIND Business subscription offer *All Inclusive Business* mobile is available for small and medium businesses on the push sales channel; this consists of 3 tariff plans *Big*, *Unlimited* and *Unlimited Premium*, and has acquired even more value thanks to the new *Cre@Sito* and *Pec Smart* Digital Services and more internet traffic, arriving at up to 3 GB on the *Unlimited* plans.

The mobile WIND Business prepaid offer for small and medium businesses, *All Inclusive Aziende Ricaricabile*, paid for through a monthly charge on the customer's telephone account, consists of an entry level *All Inclusive Aziende Ricaricabile* tariff plan, an intermediate *All Inclusive Aziende Ricaricabile Big* tariff plan and an *All Inclusive Aziende Ricaricabile Unlimited* solution. The new rechargeable offer, which since being launched in March 2014 has encountered very positive effects on the market, provides customers with the possibility of activating the *Ricarica Automatica* service by selecting between "by Threshold" or "by Time". The rechargeable offer enables customers to keep maximum control of their telephone spending as they can decide independently whether or not to activate the automatic top-up for their employees.

Starting July 14 the WIND business offer portfolio has been enriched by two new roaming tariff plans as a means of satisfying the needs of many customers who may travel as part of their work: *All Inclusive Aziende Unlimited Premium* (for people travelling frequently in Europe and the USA) and *All Inclusive Aziende Top Mondo* (for those travelling throughout the world, with 5 gigabytes of international internet traffic).

The new *Digitali Cre@sito*, *Pec Smart*, *Mobile POS* and *WIND Smart Control* services complete the mobile offer for businesses, guaranteeing an innovative commercial proposition that is close to the needs of WIND's business clientele. The *Cre@sito* service provides customers with the possibility of creating a website on their own by using a user-friendly interface and having a level II domain and a mailbox.

Pec Smart is a certified electronic mail service, mandatory by law for professionals and businesses, which has legal value equivalent to a registered letter with return receipt and guarantees the dispatch and delivery of emails to the recipient.

The *Cre@sito* service was extended to the population of professionals, self-employed workers and small businesses in June and is free of charge for 12 months.

In July the All Inclusive portfolio was enriched by the new *Mobile POS* service, developed in collaboration with BNL and BNL POSitivity: this provides professionals and SMEs with an innovative service for enabling card payments made on national and international circuits to be accepted anywhere. Exclusively for WIND customers, *Mobile POS* is included in the offer with no activation costs or monthly charges.

WIND Smart Control became available in September, an innovative Mobile Device Management solution of WIND Business created for all small and medium-sized businesses needing to make the smartphones and tablets used by their employees safe and to configure and monitor these devices in a simple, rapid and effective way.

The mobile offer for professionals and self-employed workers was enhanced in June 2014 with the new *All Inclusive Ricaricabile Partita IVA* portfolio consisting of the entry level tariff plan *All Inclusive King*, the *All Inclusive Unlimited*

solution and the top of the range *All Inclusive Unlimited Premium* plan. The new rechargeable offer enables customers to keep maximum control of their telephone spending, and the government concessionary tax is not payable.

Innovative Services.

In the third quarter of 2014, WIND enriched its offer of innovative contents by offering customers the possibility of using their telephones and telephone account as a means of paying for digital and non-digital contents.

WIND continues to be the only Italian operator to have a direct agreement with Google which enables its customers to download applications, games, e-books, music, newspapers and films from Google Play Store without having to use a credit card.

In addition, in June and July 2014, WIND provided the same possibility to customers using the Smartphone Windows Phone.

During the third quarter a further boost was given to the mobile ticketing service, which currently sees the involvement of 22 Italian towns cities, by ensuring total coverage of the main cities in Tuscany.

Pilot testing of Near Field Communication (NFC) services continues in collaboration with BNL, SIA and Mastercard. The testing involves 150 WIND and BNL employees who have been given the possibility to make purchases in contactless mode using a Classic Credit Card issued by BNL on the Mastercard circuit and virtualized on a SIM card using NFC technology. Besides being able to make payments, participants in the test can also use their phones to enter their offices instead of using their company pass-cards, to clock in or to buy items at automatic vending machines.

International Roaming

WIND customers can use their mobile telephone services, including SMS, MMS and data services (GPRS, EDGE, 3G, HSDPA) where available, in other countries through roaming facilities guaranteed by agreements with 486 international operators in 219 different countries, of which 206 covered by terrestrial roaming and 13 by satellite.

All Inclusive offers have been launched for world travelers to promote the use of smartphones in roaming and to extend the concept of "roam like home" to offers for high spending customers. The whole roaming offer complies with European regulations.

Sales and distribution

As part of its strategy, which sees distribution as an increasingly crucial factor for its growth, WIND continues to improve the quality of its distribution channels and strengthen its sales network.

WIND markets its mobile products and services, including SIM cards, scratch cards and handsets, through a series of exclusive sales points, which at September 30, 2014 consisted of 162 WIND-owned stores and 509 franchised sales points working exclusively with the WIND brand. The non-exclusive sales network consists of 1,014 WIND dealers, 954 sales points in electronic store chains and 4,861 other sales points in the smaller Italian towns which are run by SPAL SpA, the largest WIND distributor in terms of sales points.

Customers can also activate offers and services, buy mobile telephones, smartphones and tablets and carry out top-ups through the www.wind.it website, in both desktop and mobile versions, and from the MyWIND app, paying by credit card or PayPal or by charging their Infostrada or WIND telephone account. In addition, applications for the activation of a new telephone line can be made using the www.infostrada.it website. Further, scratch cards are also distributed through small sales points such as tobacconists' shops and newsagents.

Fixed Telephony and Internet

WIND provides its consumer and microbusiness customers with a vast range of direct and indirect fixed network voice communication services, broadband internet and data transmission services all marketed under the Infostrada name.

WIND provides broadband services to direct customers (unbundling) by renting the "last mile" of the access network from Telecom Italia, which is disconnected from Telecom Italia equipment and connected to WIND equipment installed at the telephone exchange, and to indirect customers whereby WIND retails a service to its customers that it buys wholesale from Telecom Italia.

In response to the current trend on the Italian fixed communications market, which is seeing increasing fixed-mobile replacement and customers migrating from narrowband to broadband, WIND has concentrated its efforts on achieving growth in the number of subscribers to direct voice services (unbundling) and broadband internet services. In addition, during the year WIND has also sold ultra-broadband services in FTTH mode in the city of Milan, where it marketed offers in optic fiber which allow the end user to reach download speeds of up to 100 Mega and upload speeds of 10 Mega.

In the first nine months of 2014, in the areas of direct access, WIND continued its push of the new "ADSL Vera" service which enables it to stabilize the customer's line at the maximum speed supported, up to a peak of 20 Mega when downloading, thus providing the best performance possible and ensuring a line that is always stable.

Voice services

WIND's fixed network voice customer base amounted to 2.9 million subscribers at September 30, 2014, a decrease of 4.5% over September 30, 2013; the direct customers voice component fell by 2% over the previous period.

The following table sets out the main indicators of the fixed network.

Fixed line	2014 9 M	2013 9 M	Change
Customer base (thousands of lines)	2.9	3.0	(5.1%)
of which LLU (thousands) ⁽¹⁾	2,380	2,432	(2.1%)
Revenues (millions of euros)	903,4	979.3	(8%)
Voice traffic (billions of minutes)	9,7	11.7	(17%)
ARPU (euros/month)	29,6	30.8	(4%)

(1) Includes customers with virtual LLU.

Internet and data

WIND offers a vast range of internet and data transmission services to both its consumer and business customers. At September 30, 2014, WIND had 2.1 million broadband internet customers and 0.01 million narrowband subscribers.

The following table sets out the main internet access indicators.

Internet and data services	2014 9 M	2013 9 M	Change
Internet customer base ('000)	2,157	2,213	(3%)
of which narrowband ('000)	10	22	(53%)
of which broadband ('000)	2,147	2,191	(2%)
of which LLU ('000)	1,860	1,854	0%
of which shared access ('000)	10	12	(16%)

Package and converging services

WIND is one of the leading suppliers in Italy of internet services, fixed-line voice services and mobile telephone services, having an integrated infrastructure and a network coverage which extends throughout the country, thus allowing it to offer integrated service packages which combine these products.

In order to make WIND's positioning in the sphere of integrated services more exclusive, the push has continued on the "*Powered Infostrada*" offer which is addressed to all WIND's prepaid mobile customers subscribing to a WIND *All Inclusive* offer, who are offered a choice of one of the fixed-line telephone products *Absolute* or *All Inclusive Unlimited* at a special price. The *Internet Everywhere* convergence promotion continues, addressed to customers who want to navigate from home with ADSL and in mobility with an internet key or a tablet; this offer is even more convenient for all new Infostrada customers: the *Internet No Stop* offer will only cost €3 a month on a permanent basis.

The same convergence services are also available in the "*Affari*" version on the Stores sales channel for Microbusiness/SOHO customers. In addition, the "*Affari*" portfolio always includes calls to fixed and mobile business phones.

The drive to acquire an increasing number of fixed and mobile customers is supported by the *Super All Inclusive* and *Super Absolute* commercial propositions, which combine the fixed-line telephone and ADSL connectivity offer with the mobile telephone *All Inclusive* offer, proposing them together as a single product at a reduced price.

Voice and business data offer

WIND provides PSTN, ISDN and VoIP fixed-line network voice services, data services, VAS and connectivity services to large business users, capitalizing on the experience gained with ENEL and using a dedicated call center. In this segment WIND is also able to tailor its offer to the specific needs expressed by the customer and to the requirements set in tenders.

The offers for businesses also include flat solutions with tariffs based on the number of users, which enable customers to keep complete control over their spending.

Direct access to the network is assured for large-scale businesses by radio link, by direct optic fiber connections or by direct access via LLU; in areas where direct access is not available, dedicated lines leased from Telecom Italia are used.

In addition, WIND is also extending its offer for the large business market by means of cloud services, broadening its commercial proposal with ICT and managed services solutions on both fixed and mobile networks. WIND has set up a partnership with the Enterprise division of Google which enables it to propose collaboration and communication solutions to businesses based on Google Apps cloud. As the first result of this collaboration an innovative proposal has been launched which provides voice, SMSs, navigation, Gmail and collaboration services in a single package.

WIND has prepared an offer, *WIND Cloud per Aziende*, consisting of a rich catalog of IaaS services and, in particular for medium-sized businesses, pre-configured bundles of data center and connectivity services, which are capable of satisfying the needs of these customers and are available in extremely short time periods. This type of offer will be enriched even further in order to establish a portfolio of cloud services including SaaS (Software as a Service), characterized by flexibility and rapidity.

WIND, Beeline and Telefonica have set up a Temporary Grouping of Companies which has been awarded a contract for the global supply of telecommunication services for the next four years to the ENEL group, the third largest

energy operator in the world by turnover and international presence. The tender, called in 2013 with a starting price of 230 million euros, regards fixed and mobile telephone services for the whole of the ENEL group for the next four years in ten countries, including Italy, Spain and a large part of Latin America.

The PSTN fixed network offer portfolio for small businesses, which is geared in particular towards professional firms and small companies requiring between one and four lines (analogue or 2 ISDN), consists of the voice and ADSL bundle list (*All Inclusive Business L* and *All Inclusive Business Unlimited*), which offers unlimited calls to all national fixed and mobile telephones and unlimited ADSL, the *All ADSL Business* lists which offer unlimited ADSL connectivity and voice calls as used and *Noi Unlimited Affari*, which in addition to unlimited calls to all national fixed and mobile numbers also offers unlimited calls to all fixed and mobile numbers on the pay-per-use WIND-Infostrada and ADSL telephone account. The whole of the offering portfolio is available with WIND network coverage on lines already activated with other operators and on new lines.

The offers available through the push sales channel (agents and agencies) are the same as those offered by the pull sales channel (sales points).

The *Absolute ADSL Business* and *All Inclusive Business Unlimited* plans have become even more advantageous as a result of the *Super Absolute Business* and *Super All Inclusive Business* integrated solutions which offer customers the possibility of choosing the combination most suited to their communication needs, combining fixed line, ADSL and mobile.

To complete the offer, "plug&play" packs are being proposed at extremely competitive prices on an installment sale basis to respond to customers' most common needs: the Internet Pack, consisting of a Wi-Fi router and a 3G internet key, offered in combination with a data SIM having two months of completely free traffic included, enables customers to navigate on the mobile network while waiting for activation of the ADSL service and to have a back-up line on the mobile network once activation is completed; the Internet-&-Video Pack on the other hand contains an IP video-camera in addition to the Wi-Fi router and an internet key to enable customers to video control their professional environment, record images and obtain access from laptops or mobile devices.

For SMEs, WIND offers a wide range of dual-play (voice + internet) products with tariff plans based on VoIP technology, with unlimited traffic to national fixed and mobile numbers and to the international fixed network (Western Europe, USA and Canada) and unlimited ADSL up to 20 MB with a minimum guaranteed band of 300 kps and static IP address. The offer is available in a 2-line version (which provides two calls at the same time) thanks to the new *All Inclusive Aziende Smart* tariff plan, available from September, and in a 3 to 8 simultaneous call version with *All Inclusive Aziende*. The VoIP offer becomes even more beneficial thanks to *Super All Inclusive Aziende* if combined with the *Unlimited Subscription and Rechargeable* mobile plans using up to a maximum of 10 SIM cards.

The WIND Impresa offer providing from a minimum of 6 to a maximum of 60 voice lines at the same time is still available in the portfolio; in addition, together with the WIND Impresa offer customers may also subscribe to a service for the leasing, management and maintenance of telephone switchboards.

"Made to measure" solutions are also available at contained prices, studied and designed on the basis of the specific needs of medium- and large-scale businesses, using highly advanced technology (ADSL, SHDSL, optic fiber, radio bridges, private data networks with the transfer of protected data, etc.) and latest generation devices that enable the performance and quality levels required by customers to be guaranteed.

Sale and distribution of fixed network services

WIND's distribution strategy is increasingly customer orientated, the ADSL and telephony service purchase channels are only "pull" sales channels meaning that it is the customer who decides spontaneously to make the purchase. The most important sales channel is the retail channel (monobrand and multibrand stores), which through the integrated offers continues to increase in weight, followed by the 159 call centers and the web; the activities of the outbound call centers are now residual and these are mostly used for acquiring customers in very specific segments.

Interconnection services

WIND offers its wholesale services to other operators, making its network capacity available through these services, and manages incoming and outgoing call termination traffic on its network for domestic and international operators. WIND is paid a fee by other operators for managing the calls which terminate on its mobile or fixed network, while in the same way it is required to pay a termination tariff to other operators for the calls which terminate on their mobile or fixed telephone networks. Interconnection tariffs from mobile to mobile, from mobile to fixed, from fixed to mobile and from fixed to fixed are regulated by AGCOM.

Customer care service

WIND's customer service activities are coordinated by its Customer Management unit, which is organized by customer type: rechargeable customers (mobile), subscription customers (fixed telephony, mobile telephony and internet) and business customers. In order to provide a tailored service for certain particularly important customer segments such as the ethnic communities, WIND also provides its customer assistance service in other languages.

WIND is additionally developing a new customer relations model which is designed to maximize customer satisfaction by intervening in real time if certain specific events occur (e.g. if the available bundle has been used up) in order to provide solutions when these events actually happen.

Call centers dedicated to residential customers are located throughout the country.

The WIND customer service continues to evolve its operational organization, focusing on the activation phase and the increasing need for mobile-fixed-internet multi-service assistance. In addition, WIND continues with the integration of its customer care services and sales structures in order to provide customers with an assistance service spread throughout the country, also through the use of local sales points, thus making it more direct and transparent.

WIND places a great deal of emphasis on managing digital contact points and on online customer assistance tools, ensuring high quality standards, and encourages customers to use these.

Using the websites www.wind.it and www.infostrada.it it is possible to obtain simple access to an offer and activate the various services, or to find the WIND shop nearest to you. Customers accessing the smartphone website arrive at the version optimized for mobile navigation, which in addition to providing a description of the main offers with the possibility of direct activation and making a top-up makes a convenient configurator which enables new customers to find the offer most suited to their needs. During the third quarter the mobile site was completed with the possibility of activating an Infostrada line directly and the inclusion of the Business offer.

In addition, an All Digital offer has been created for Digital customers which can only be activated from the website.

The e-commerce offer has been further enriched by the "Digital Home&Life" experience, an innovative concept dedicated to those who love the technology which enriches WIND's offer with innovative products.

This functionality has also been extended to the MyWIND app, which now also allows customers to proceed directly to registration in the Customer Area.

In addition, the MyWIND app has also been made available to Windows Phone smartphones, as well as for Android, Apple and Blackberry customers who have a WIND or Infostrada line.

The version for Windows Phone provides new graphics which are more innovative than the other versions, with a user experience that has been revised and improved to simplify navigating and finding key information on customer lines. In the same way as for Android users, a convenient widget has been made available to keep the main information under control, while for Windows Phone it is possible to install the live titles which provide customers with the main information on their telephone accounts.

In addition, the Customer Area that is accessible from the mobile website and from the start.wind.it portal has been updated, in order to provide all customers, even those without Android, Apple or Blackberry telephones, with the same functionalities and the same user experience as the MyWIND app.

To increase the use of the digital channels, WIND continues to improve online top-up functionalities, which already allow customers to carry out a top-up with the maximum safety by making one single click in the Customer Area or on the MyWIND app, using either their credit card or their PayPal account.

Further, co-marketing initiatives have been undertaken in conjunction with key partners who have made their products available for customers carrying out top-ups through these channels.

The social networks are also an important point for contact, listening and customer management. WIND continues to position itself at levels of excellence in terms of speed and response times on Facebook and Twitter, and is unique in Italy in having been on the podium for both the Facebook (first in May for response time) and Twitter "Top Brands" special league tables which are drawn up and published on a monthly basis by Blogmeter (Blogmeter.com).

In particular, Facebook users have shown that they like the viral campaign "Papà", a highly emotional short film produced by WIND exclusively for the Digital channels (Youtube, Facebook).

Customer Relationship Management (CRM) in WIND has increasingly assumed a strategic value; in a saturated market it constitutes a genuine philosophy which involves and integrates all of the Group's business sectors, ranging from marketing to sales by way of customer care and the more technical functions such as network and information technology: a vision which places the customer at the center of the Group's business, enabling it to build consistent and synergic management policies between the various sectors.

In particular, a set of monitoring activities concerning satisfaction with WIND and the extent to which the Group can be recommended (using NPS measurement methods) has been set up at the various point of contact between the customer and the Group, in order to identify customer needs, provide specific targeted replies and more generally identify the main areas of development, in line with the expectations provided by the customers themselves.

The main objective of the Customer Relationship Management department is to understand and analyze customer behavior in order to create individual relationships, in this way increasing the level of customer satisfaction and accordingly customer loyalty and the propensity to purchase other services.

A success factor for the CRM initiatives is to know how to intercept customers on a timely basis during their lifecycle, and in particular in the presence of specific consumption behavior. In conjunction with these, WIND CRM provides consistent solutions in terms of product and offer through traditional and digital relation channels.

Commercial action with customers is also carried out through the Group's distribution network, which is developing from being a channel for acquiring new contacts into one that is used for managing customers.

Marketing and Branding

The current year began with a new television campaign continuing the *Vita Vera* series which began in 2013. The TV flight envisages a "back into shape" program involving the testimonials Giorgio Panariello and Vanessa Incontrada, who after the Christmas blow-out become members of a gym as a way of returning to fitness. The creative format, common to all the Group's brands (WIND, Infostrada and WIND Business), supports television promos on *All Inclusive*, *Absolute* and smartphones for small businessmen.

The television campaign has been awarded the prestigious Conchiglia Moige prize due to the positive values expressed in the advertising spot. In particular, recognition is given to WIND for "promoting physical health, but also relaxation, through the use of humor, showing the protagonists playing the opposites game".

In January, fully consistent with the creative television subject, a radio campaign was also started up for the *All Inclusive Unlimited* offer. With the aim of supporting the launch of the offers addressed to the consumer target, WIND is confirming its presence on the main websites using traditional formats and preroll videos, covering the main new apps on tablets and maintaining a constant presence on the web in support of the *Ricarica OnLine* product.

WIND Business covers the main targeted sites with its offer dedicated to small businessmen, directing new customers to WIND stores.

Infostrada is pursuing its objective of maximizing the acquisition of new customers directly on the web channel with a constant presence on the main sites, and, in conjunction with campaigns on offline media, has increased its presence by including preroll videos and tablets in its plans.

In February, with the *Ora o Mai più* promotion, WIND carried out its first campaign planned entirely on online media. Thanks to targeted planning on mobiles and desktops, this strikes a youth target attentive to web promotions and accustomed to taking advantage of products sold using a "last minute" formula by means of an exclusive offer limited to just three days. By means of this new strategy, WIND has achieved its objective of increasing new activations and customer flow at its sales points.

The WIND spots with Fiorello were back on television again at the beginning of March. For the first time WIND and Fiorello propose commercials in the telecommunications world, a campaign in which the scenes are all shot by the testimonial simply using a smartphone. Fiorello, who directs himself "armed" with a smartphone, makes real incursions into a number of WIND stores, with the sales assistants and customers in the shop at the time caught by surprise, unaware of what is happening. He then involves all the people present in his "selfies" in order to tell them clearly, transparently and simply about the world of WIND and its offers. The return of Fiorello is also the occasion for carrying out an important online communication campaign.

Giorgio Panariello was back on TV at the end of April, as always following the *Vita Vera* thread set in WIND's most important touch points: from stores to call centers. Following up reports arriving from his colleagues in the call centers, who take the leading role in the spots, Panariello goes directly to see customers to tell them all about what the offer has in the way of changes. For the whole of the month of May, WIND dominated Milan Central Station with Panariello and the Samsung S5: the offer is aimed at a business target, with the Samsung costing €9 a month for VAT registered customers transferring to WIND.

WIND sponsored Panariello's tour from July 15 to September 10, with its six stops in Italy's largest cities being the occasion to carry out one of the leading promotions this summer, *Bring your friends to WIND*, using a dedicated flyer.

In June, Fiorello became the testimonial of WIND's summer for the first time. The brand strategy linked to *Vita Vera* was continued for this new thread too, and in the case in question WIND tells viewers about Fiorello's holidays.

The TV campaign began on June 8 and included Fiorello and an important return: his faithful friend Sheiton, the border collie who is the grandson of the famous Shonik, the star of many successful WIND-Infostrada campaigns in the past. Fiorello prepares a technological suitcase with all the devices that a real technofan needs: PC, telephone and tablet! The campaign is dedicated to the new *All Inclusive with Summer Pass* offer launched this summer.

Continuing in the Above The Line sphere, an ad hoc plan in the specialized press was dedicated to the ethnic target and the *Call Your Country Offer*. In this case too WIND maintains a constant presence on the web using a multi-lingual campaign to support its offers.

From the end of July and for the whole of the summer WIND's online communication was marked by the return of Vanessa Incontrada playing the part of a testimonial for the Group's three brands; her friendly, amusing and light-hearted approach in the situations where she interacts with devices and technological solutions is an online introduction to the latest that WIND, Infostrada and WIND Business have to offer.

The *L'ora del tech* format, Vanessa's date with her fans for talking about WIND's offers and digital discoveries, was introduced by WIND with a launch video and explained through the use of mini-videos dedicated to key offers which were available at all digital touch points until the end of September.

Since August 29, WIND has been aiming directly at the business segment, going for the "small businesses of the future" with an ad hoc creativity in which a number of children reply to Giorgio Panariello's off-screen questions by saying what they would like to do when they grow up. The campaign is associated with the campaign "For today's and tomorrow's small business there's WIND" and supported by the payoff "The smart choice for your business". September's new communication campaigns brought Giorgio Panariello back to the television screen and the web as a testimonial with a campaign dedicated to the *Bring your friends to WIND* offer. Infostrada is back in the campaign field with Panariello taking over the web channel with a constant presence on the main websites with both targeted planning and constant planning in Real-Time Bidding.

Supporting the commercial launches, 11 batches were realized between January and September 2014 for dispatching offer updates through sales point material. In addition a set lay-out was created in April which saw a number of WIND employees playing a leading role, working as sales staff in the WIND Retail channel. All the other Below the Line materials accurately followed the rotation of the testimonials established for the Above the Line Campaigns.

WIND's attention to local communication continues through the creation of specific campaigns dedicated to WIND and Infostrada, designed to strengthen local links. WIND's closeness to the local area was made real through its presence in important local events: the two Italian stages of the Marathone D'Europe in Trieste, the Straverona, the Alpine soldiers' reunion in Podenone, the Trade Fair in Padua, the three stages of Radio Bruno's Summer Tour, the Senigallia Summer Jamboree, the San Vito Lo Capo Cous Cous Festival, the Arma Camper Fair, the Casa su Misura Fair in Padua and the Scandicci Fair. In addition, the WIND Energy Tour was organized in co-marketing with Decathlon; this involved nine stages throughout the country and confirmed the attention that WIND gives to the local

area. Of particular importance was WIND's presence with dedicated stands and offers at the Rimini Meeting in August and the Bari Levantine Fair in September.

The *All Inclusive Solidale - più vicini all'Italia* initiative continued in 2014, in which WIND confirms the attention it gives to social issues. This option available to customers is communicated at sales points through the distribution of dedicated flyers, and also online. Customers who join this scheme make a donation of 50 cents per month to practical social support projects, and WIND gives its backing to this by doubling the amount donated by the customer. In the first initiative WIND gave its support to the Caritas charity in Rome, and in particular the Solidarity Store network. Thanks to the support and generosity of the WIND customers who joined in with the initiative, in March the Solidarity Store was able to make its first purchase of foodstuffs to be given to the numerous families involved.

WIND continues to make a practical contribution to young businessmen through the WIND Business Factor project, which having now reached its third year of full activity achieved its key objective in September of activating a community of around 20,655 businessmen and innovators. In addition, it brought to an end the contest for the new WIND Startup Award which is dedicated to ideas and startups in the Digital Innovation, Italian Innovation and Social Innovation sectors and was launched in June, with 166 entries in the three categories. Winners in the Digital Innovation and Italian Innovation categories will receive prizes under the WIND Startup Award consisting of acceleration/incubation programs, training in Italy or abroad with the Mind the Bridge startup school and telecommunications services from WIND Business, while the winner in the Social Innovation category will receive a grant of €5,000.

The restyling of WIND's monobrand stores has continued in 2014. The first area fully dedicated to business customers was set up in the Milan store in Porta Vittoria in June. Signs, display windows and internal furnishing have all been designed to differentiate the store, whose specific targets are small traders and businesses.

On August 25, WIND launched its fourth institutional campaign exclusively online and on the social channels, consisting of a sensitive short film which discusses the closeness between people, one of the key values on which the brand is based and a universal and highly topical issue. In the viral video, which is called "Papà" and is directed by Giuseppe Capotondi, one of the most accomplished video-directors in Italy, the main character decides to set off on a journey to meet up with his father, whom he has not seen for a long time, and return to the places of his childhood and adolescence. The final claim is a plea to all of us to communicate more with our hearts. The campaign and the brand have both won considerable appreciation.

In conclusion, in September WIND launched its new Digital, Home & Life brand and opened the first experiential corner in the store in Largo Apollinaire in Rome for marketing its new line of tech products conceived to accompany customers in their daily lives. A space having a decisively innovative design which allows visitors to test the 16 products in the range (which run from smart-watches to Bluetooth headphones and from smart scales to videocameras), which are separated into four categories: wellness, smart-home, smart-watch and music. The new site, the graphic lines and the determined and technological character of the newly-born brand all act as the guide to a mini-site that is wholly dedicated to the project and to all the materials supporting the launch, including an ad hoc brochure.

NETWORK

WIND has developed an integrated network infrastructure providing high-capacity transmission capabilities and extensive coverage throughout Italy. As of September 30, 2014, WIND mobile network covered 99.87% of the Italian population, WIND UMTS/HSPA network covered 97.13% while LTE covered 24.42% of the Italian population.

WIND 42 Mbps HSPA+ service covered approximately 39.32% of the Italian population, 21/5,8 Mbps HSPA service covered approximately 94.89% of the Italian population, for remaining population WIND offers 7.2/1.4 Mbps service. Fixed-line networks are supported by 21,726 kilometres of fibre optic cable backbone in Italy and 4,979 kilometres of fibre optic cable MANs as of September 30, 2014. The network uses a common system platform, WIND "intelligent network," for both mobile and fixed-line networks. Network platform has been upgraded to provide it with a uniform IP network platform, which provides additional capacity. The integrated nature of operations allows to offer subscribers mobile, fixed-line and Internet product bundles and VAS. WIND has also approximately 486 roaming agreements with other Italian and international telecommunications operators around the world.

Fixed-Line Network

WIND fixed-line network consists of an extensive fibre optic transport network with over 21,726 kilometers of transmission backbone, 4,979 kilometers of fiber optic cable MANs linking all capitals of Italian provinces and other major cities in Italy, a radio transmission network with approximately 15.999 radio links in operation.

The national voice switching network consists of a NGN/IMS network composed by 4 Call control nodes 4 Media Gateway Controller and 42 Trunking Gateway. The national network is supported by NGN (Next Generation Network) dedicated to interconnection with international operator composed by 2 Media Gateway Controller and 8 Trunking Gateway. WIND is able to handle all the traffic on proprietary backbone infrastructure, with little need to rent additional capacity from third parties.

As of September 30, 2014, WIND has 1,458 LLU sites for direct subscriber connections, with a capacity of approximately 3.30 million lines. The company has interconnections with 613 SGUs, which allows to provide carrier pre-selection and carrier selection access for indirect subscribers throughout Italy, as well as WLR services. WIND Internet network access is made of IP network, with over 50 POPs (Point of Presence), for direct (xDSL) and indirect Internet access services, as well as virtual private network (xDSL, Fiber Optics). The IP nodes access network consist of 53 BRAS for consumer services and 59-Edge Routers for Business application, located in PoP to ensure optimal coverage of the national territory.



Mobile Network

WIND offers mobile services through dual band GSM-900 and GSM-1800 digital mobile network, which also supports GPRS, a mobile technology that provides greater bandwidth for data transmission and Internet access than GSM. GSM network also supports EDGE capabilities. EDGE is an upgraded technology that enables to offer increased data speeds and VAS over GSM network and also to reduce the cost of handling mobile data traffic. WIND also offers mobile services over UMTS network, a mobile technology that provides even greater bandwidth than GSM network, using HSDPA technology to provide enhanced speeds for data transmission and mobile Internet services. As of September 30, 2014, WIND activated 393 sites in LTE technology, this technology will provide additional bandwidth and higher transmission speed for data transmission.



The following table provides an analysis of WIND's GSM/GPRS and UMTS/HSDPA networks as of September 30, 2014.

	Units
GSM/GPRS	
Radiating sites	14,533
BSC (Base Station Controllers)	311
MSC (Mobile Switching Centers)	45
HLR/HSS (Home Location Register)*	12
SGSN (Service GPRS Support Node)	16
GGSN (Gateway GPRS Support Node)*	11
UMTS	
Node B	13,201
RNC (Radio Network Controller)	98
MSC-Server	24
MGW (mediagateway)	28
SGSN (Service GPRS Support Node)*	20 (16 dual access; 4 triple access)

* shared with UMTS/LTE network

HUMAN RESOURCES

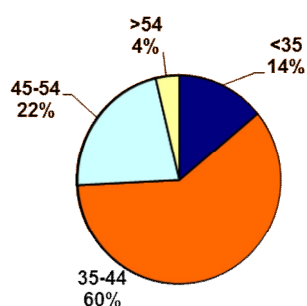
At September 30, 2014, the Group had a workforce of 6,954 employees structured as follows.

	No. of employees at		Average No. of employees in	
	09/30/2014	09/30/2013	2014 - 9M	2013 - 9M
Senior Managers	133	132	127	138
Middle Managers	624	600	624	597
Office Staff	6,197	6,216	6,216	6,211
Total WIND Group	6,954	6,948	6,967	6,946

In the first nine months of 2014, WIND Telecomunicazioni SpA and WIND Retail Srl hired 133 employees while 91 employees left.

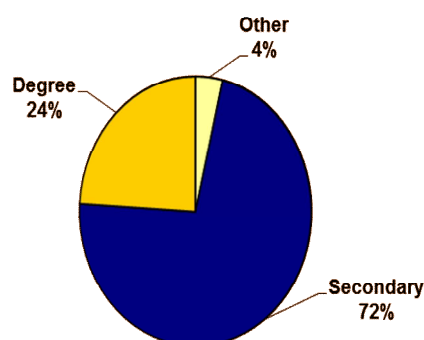
The following charts summarize personnel statistics relating to the two companies.

Wind Group - Age Groups



Average age: **41**

Wind S.p.A. - Education



Graduated w/o Call Center: **28%**

Female presence is at 47%.

In terms of the geographical allocation of personnel, over 70% of personnel work in the offices in Milan, Rome, Naples and Ivrea.

Location	09/30/2014	09/30/2013
Milan*	12.4%	12.4%
Ivrea	9.2%	9.3%
Rome	33.9%	34.0%
Naples*	17.7%	17.7%
Other	26.8%	26.6%
Total	100%	100%

(*) The Rho site is included in Milan and the Pozzuoli site is included in Naples

The following table sets out personnel distribution by department:

Department	09/30/2014	09/30/2013
Network	33.0%	32.8%
Information Technology	5.3%	5.3%
Customer Care	23.9%	26.8%
Marketing & Sales	25.4%	23.6%
Staff	12.4%	11.5%
Total	100%	100%

Organization

The Commercial Department was set up in July, taking over from the previous Consumer Business Unit and Large Business Unit. This operation has been carried out to enable the Group to achieve its objective of ensuring that an overall business view is taken by implementing integrated operating models which however still permit it to maintain its focus on customer segments.

Development

The Development Center for WIND's "Young Professionals" was set up in the first quarter of 2014; more specifically 80 staff hired as new graduates over the past 5 years were involved in an assessment day having the aim of providing them with an initial professional appraisal in terms of their abilities and skills, and therefore a view of their strengths and the areas in which they need to develop.

The result of setting up the Development Center is that a group of 23 Young Professionals have been identified who are taking part in the WIND Factory initiative and are involved in 4 transversal projects strategic to the Group's business, using an organizational approach under which a percentage of their working time is used in transversal activities.

Training

A total of 15,689 man-days of training were given during the first nine months of 2014, relating mainly to Technological Development and the Institutional Training Master Plan.

Two projects are currently in progress directed at the population of telephonic advisors in the Customer Management department whose objective is to consolidate churn prevention techniques and improve up-selling techniques. In both cases the actions taken relate to customer experience support processes. Ten training sessions have already been held involving 119 employees, while a further seven sessions have been planned for the remaining months of this year.

The 231 Model online training project continued, involving a further 348 employees. The project will continue for the whole of the year until all of the Group's employees have been covered; in the third quarter supervisors were

involved in a second training stage, again online, concentrating on the risk areas of the model which are specific to the Group's business.

Following the signing of the agreement with the trade unions in July, planning is currently taking place for preparing the training courses needed for reskilling the staff who will be involved in the insourcing project due to start over the next few months and continue for the whole of next year.

Industrial relations

Meetings with the trade unions continued during the first half of the year, whose objective was to go into the detail of certain operating aspects of the new organizational model for the management and maintenance of the network; in particular, a description was provided of a number of the functionalities of the new workforce management system which will enable further improvements in productivity to be achieved and service quality levels to be improved.

In addition, in view of the upcoming renewal of the employment contract a series of meetings were held with the industry association Asstel with the objective of agreeing a common position on the main issues which may be discussed during negotiations with the unions.

A number of local meetings between the company and the unions have been held since May with the aim of illustrating initiatives and investments designed to obtain a reduction in costs and increase business efficiency, consistent with the agreement of October 10, 2012. More specifically, the internationalization of activities compatible with the new organizational model continued, together with the implementation of new systems to support full efficiency in certain business structures.

In July, at the annual meeting held to present the Group's business plan, management presented details of the results achieved in 2013 to the unions and the steps considered necessary for making the Group's business model more efficient and strengthening its market position.

At the end of a series of subsequent meetings an agreement was signed on July 29, which with the aim of achieving the indicated objectives provides for the realization of an important insourcing plan and the resulting reskilling of staff to run these services; agreement was reached on setting up solidarity contracts for a period of 18 months as a means of supporting this process.

There was no strike action during the period.

REGULATORY FRAMEWORK AT SEPTEMBER 30, 2014

Fixed-line market

Antitrust activity

Proceeding I757

In September 2012, on the basis of a report made by the mobile service provider BIP Mobile, the AGCM initiated proceeding I757 against Telecom Italia, Vodafone and WIND relating to an alleged agreement restricting competition designed to hinder access to the BIP Mobile market. On January 23, 2013 and June 27, 2013, the AGCM sent two information requests to which WIND provided its replies. In January 2014 the proceeding was extended to Telecom Italia and WIND for an alleged vertical agreement (with the respective sales networks), opening up again the possibility for the parties to file "commitments" on this new aspect. WIND presented its commitments on April 4, 2014. The relative market test set up by the antitrust authority saw the participation of the two intervening parties. The final completion date for the proceeding, set for October 30, 2014, has been extended to December 31, 2014 to ensure that all the parties in the proceeding have the possibility of exercising their full right of defense and to guarantee a wider application of the right of the parties to present their case.

Proceeding I761

On the basis of a report made by WIND in 2012, allocated the number I761, on April 4, 2013 the AGCM initiated an inquiry into a possible agreement on wholesale accessory technical services provided to the fixed-line telephone network, whose purpose is to ascertain the existence of violations of article 101 of the TFUE (an agreement between the technical companies which provide wholesale accessory technical services to Telecom Italia's fixed-line telephone network). WIND had access to the inquiry papers. On July 10, 2013 the proceeding, which is still in progress, was also extended to Telecom Italia. On October 4, 2013 WIND attended a hearing held by the AGCM. The planned date for the completion of the proceeding has been extended to July 31, 2014. On July 7, 2014, the AGCM published a provision in its bulletin by which it extended the term for concluding the proceeding to July 31, 2015 and at the same time broadened the subject of the proceeding to ascertaining whether article 102 of the TFUE (abuse of a dominant position) had been breached by Telecom Italia. Telecom Italia filed an appeal against the provision of July 10, 2013, by which the AGCM extended proceeding I761 to the company, with the Lazio regional administrative court (TAR). At the hearing of June 11, 2014, Telecom Italia made a request for the cancellation and deferral of the hearing. The TAR upheld Telecom Italia's request and accordingly ordered the cancellation of the case from the roll.

European Commission – DG Comp

On the basis of petitions arriving from WIND, Fastweb and Vodafone, the European Commission Competition Directorate initiated a detailed investigation in July 2012 to determine whether there was an economic benefit for Telecom Italia in terms of state aid arising from the joint venture between the Province of Trento and the incumbent operator which provides for the construction of optical fiber infrastructure. If this benefit is confirmed, the measure would represent state aid pursuant to article 107 of the Treaty on the Functioning of the European Union (TFEU), and its compatibility would have to be assessed in the light of the EU's orientation on broadband. As of today this investigation is still in progress. On February 3, 2014, the Province of Trento officially announced that it would be leaving the company Trentino NGN, leading to the abandonment of the project. DG Comp has expressed a positive opinion on the decision of the Province of Trento to leave the company and has proceeded to close the investigation.

Fact-finding enquiry into broadband and ultra-broadband

In January 2014, the "Autorità per le Garanzie nelle Comunicazioni" (AGCOM), in conjunction with the AGCM, initiated a fact-finding enquiry (through Resolution 1/14/CONS) into static and dynamic competition in the accessory services market and investment prospects in broadband and ultra-broadband telecommunications networks. WIND provided its observations in this respect on April 17, 2014. The enquiry is still in progress.

Telecom Italia's Reference Offers

In March 2014, Telecom Italia filed appeals for the cancellation of Resolutions 746/13/CONS and 747/13/CONS, for the most part disputing the approach taken by the Authority for calculating the WACC, the parameter indicating the remuneration of the capital employed on which, among other things, the LLU price is based. WIND filed an appearance in both cases.

Fastweb has also filed an appeal against the two resolutions for 2013 although for different reasons. WIND has appeared before the court in both proceedings.

BT on the other hand has only appealed against Resolution 746/13/CONS regarding the calculation of the WBA price for 2013. BT's appeal has not been notified but WIND has decided to intervene in that proceeding.

The substantive hearing relating to the appeals filed by Telecom Italia for the annulment of Resolutions 747/13/CONS and 746/13/CONS and the appeals filed by Fastweb to have these resolutions annulled and by BT to have Resolution 746/13/CONS partially annulled is currently scheduled for November 19, 2014.

By way of Resolutions 33/13/CIR (Dedicated capacity transmission services: terminating circuits, interconnection flows), 34/13/CIR (NGA passive infrastructures: local base infrastructure, conveyance sections, primary and secondary optic fibers, termination segments in optic fiber), 35/13/CIR (End to End) and 36/13/CIR (Bitstream NGA and VULA) published in June 2013, proceedings were initiated to assess the corresponding offers of Telecom Italia for 2013.

Public consultation on Telecom Italia's reference offer relating to fixed interconnection for 2013 (Resolution 71/14/CIR) was published in September 2014. WIND has provided its observations and the consultation is in progress.

In June 2014, AGCOM published the public consultation relating to compliance with the sentences of the Council of State for the period March/April 2013 which established the annulment and the redetermination of certain price components of the unbundling, WLR and naked Bitstream offers for 2010-2012. Proceeding 258/14/CONS is currently in progress.

The resolutions approving Telecom Italia's reference offer for 2013 were approved in September 2014 (Resolution 67/14/CIR) as well as the reference offer relating to dedicated capacity transmission services (terminating circuits and interconnection flows - Resolution 70/14/CIR).

Fixed-access network

NGAN

On November 14, 2013, by way of Resolution 538/13/CONS, AGCOM published its final decision on "symmetrical obligations" regarding access to physical network infrastructures, confirming the obligations proposed in the consultation: (i) Symmetric obligations for access by operators to the optic fiber termination section and to the base infrastructures in the conveyance section, (ii) Obligations of transparency and non-discrimination: to provide access to the termination segment and the conveyance section under transparent and non-discriminatory conditions, publishing an offer valid for 2014 on the website and (iii) Price obligations: application of fair and reasonable prices for providing access services to the termination segment and the conveyance section (except for Telecom Italia which instead remains subject to prices geared towards cost, which will be established by the BU-LRIC model as part of the market analysis proceeding as per Resolution 390/12/CONS) and accepting a number of amendments, in line with the positioning expressed by WIND. On the basis of the symmetric obligations as per Resolution 538/13/CONS, WIND is required to prepare an access offer for the conveyance and termination sections in fiber which are currently only available for serving certain business customers.

On December 13, 2013, by way of Resolution 713/13/CONS, AGCOM set an extension to the timing of the matters included in the above-mentioned Resolution 538/13/CONS. In particular: i) the start-up date for the Obligations has been postponed from January 1, 2014 to April 30, 2014 and ii) the deadline for the publication of the information has been postponed to April 15, 2014.

WIND has published its Offer for Access to the Physical Infrastructures of the final section of the Optic Fiber Network pursuant to Resolution 538/13/CONS.

By way of Resolutions 68/14/CIR and 69/14/CIR, AGCOM approved Telecom Italia's reference offer for 2013 for NGA and VULA Bitstream services and for access services to the NGAN passive infrastructures (local installation infrastructure, adduction sections, primary and secondary optic fibers and termination sections in optic fiber, also known as verticals in fiber).

In particular, as part of these provisions, and with regard to the sale of the copper termination section, the Authority confirmed its intention to set up a specific technical workgroup to identify suitable means and processes together with the operators concerned.

By way of Resolution 35/13/CIR (NGA End to End services), the proceeding to assess the corresponding offer of Telecom Italia for 2013 was initiated in June 2013.

Subloop unbundling technical workgroup

AGCOM has recently set up a subloop unbundling technical workgroup having the aim of discussing technical and procedural issues relating to this service, which provides the basis for the provision of FTTCab NGA services by alternative operators.

At the first four meetings (on February 21 and March 7, 21 and 28, 2014) operators put forward their proposals for the technical specifications of the cabinets in which the OLOs' equipment will be held (alongside the existing Telecom Italia cabinets) and the upper cabinets (above the cabinets of both the OLOs and Telecom Italia). In addition, proposals have been issued for the tender rules for installing one or more of the OLOs' optic network units (ONUs) in these cabinets or upper cabinets.

On the basis of the matters which emerged from the workgroup the Authority published Resolution 155/14/CONS CONS (against which appeals have been made by Telecom Italia and Fastweb based on reasons additional to those used for the main appeals filed with the Lazio regional administration court for the cancellation of Resolutions 747/13/CONS and 746/13/CONS, referred to in the paragraph concerning Telecom Italia's reference offers), in which a modularity principle is recognized for the OLOs which will only enter the infrastructurization process at a later date: the multioperator cabinet must be produced by providing for a base module for 1 OLO and additional 1 OLO upper cabinet modules. All the modules, base and upper cabinet, will have an autonomous access door. Each operator will be able to access its part autonomously. The OLOs which through Telecom Italia have produced an adjacent cabinet will in future have to provide access to the other OLOs interested in installing their own upper cabinet without placing any obstacles in the way, albeit within the limits of technical feasibility and network integrity.

A transitional procedure is planned for 2014 alone which is applicable to the cabins for which Telecom Italia has already start up preparation work. The full operational procedure will begin in 2015.

The workgroup's discussions are continuing on other matters. At a meeting of June 26, 2014, the Authority requested the OLOs to draw up proposals on the implementation of vectoring testing in a multioperator environment.

In September the Authority decided that it would convene a meeting with operators and suppliers of technology for an open discussion on the question of multioperator vectoring.

Infrastructure register

The "Destination Italy" decree law set the timing for the Authority with regard to the infrastructure register set up by the Authority by way of Resolution 622/11/CONS; in particular AGCOM must create a data bank within 12 months for all publicly and privately owned internet access networks. The decree was subsequently converted into Law no. 9 of February 21, 2014.

Replicability testing of Telecom Italia's offers

By way of Resolution 537/13/CONS on "*Non-discrimination requirements: revision of the methodology used for replicability testing*" - published on October 15, 2013 - AGCOM initiated an enquiry having the aim of adjusting the methods and tools underlying the price testing carried out for checking the economic replicability of Telecom Italia's retail offers. The aim of this testing is to check whether the retail prices charged by the operator are sustainable by

an efficient alternative operator using regulated wholesale services, in order to ensure that the principle of equality of inside-outside treatment can be guaranteed and to avoid margin compression which would harm competition.

In addition, on November 15, 2013 AGCOM published Resolution 604/13/CONS relating to the approval of the guidelines for assessing the replicability of the optic fiber ultra-broadband retail offer. These guidelines do not alter the requirements of Resolution 499/10/CONS ("Adjustment and innovation of the price testing methodology currently used with respect to Resolution 152/02/CONS"), whose general criteria and methodologies are confirmed, instead they supplement it in order to make such criteria and methodologies applicable in practice to the checks carried out on the ultra-broadband offers.

As part of this proceeding, by way of Resolution 537/13/CONS in November 2013 AGCOM initiated a review aimed at assessing the procedures and timing of the price testing proceeding and the tools to be used for checking the economic replicability of the retail offers of the significant market power (SMP) operator, namely Telecom Italia. WIND sent AGCOM its positioning on January 20, 2014 and was subsequently heard by the Authority on February 17, 2014. At the present date WIND is awaiting the publication of the official consultation by AGCOM.

On May 21, 2014, AGCOM asked fixed-line operators to provide the costs of certain network components as part of the process for updating the replicability models pursuant to Resolution 499/10/CONS. WIND has provided the relative data.

On July 31, 2014, AGCOM proposed an updating of the production mix for the assessment of the replicability of the optic fiber ultra-broadband retail offers. WIND provided its contribution to this matter on September 15.

Market analysis – Fixed Access Markets 1, 4 and 5

On April 4, 2013, public consultation 238/13/CONS was published regarding an analysis of markets 1-4-5. WIND has provided its positioning in this respect.

On August 1, 2013, by way of Resolution 453/13/CONS, AGCOM extended the term of the proceeding relating to the analysis of markets 1, 4 and 5 in order to take into consideration the access network separation project proposed by Telecom Italia.

On February 24, 2014, by way of Resolution 65/14/CONS, AGCOM extended the term for completing the preliminary proceeding as per Resolution 390/12/CONS by a further 90 days. Operators were given the possibility of sending supplements to the documentation already presented concerning significantly innovative facts and elements which had occurred since the second half of 2013. WIND sent its supplements on March 25, 2014. In addition, on March 20, 2014, AGCOM requested operators to provide a series of further details about retail and wholesale access lines relating to 2012 and 2013. The proceeding is expected to be concluded by the end of 2014.

With respect to access services for 2010-2012, by way of Resolution 563/13/CONS on November 11, 2013 AGCOM initiated an enforcement proceeding concerning the sentences of the Council of State on Resolutions 731/09/CONS and 578/10/CONS on the prices for wholesale services for access to Telecom Italia's fixed network. On June 20, 2014, by way of Resolution 258/14/CONS AGCOM started up a public consultation containing orientations with respect to compliance with the sentences of the Council of State. This public consultation is currently in progress.

Market analysis – Fixed Access: Leased lines: Terminating Segments Market 6

On November 4, 2013, by way of Resolution 603/13/CONS AGCOM initiated a proceeding to identify and analyze the wholesale supply market for the terminating segments of leased lines, regardless of the technology used to provide the leased or reserved capacity (Market 6 of European Commission Recommendation 2007/879/EC). The proceeding is planned to last 180 days. On November 19, 2013, AGCOM initiated the fact-finding stage with operators, which is based on a quantitative and a qualitative questionnaire. The public consultation is expected to take place in the fourth quarter of 2014.

Fixed termination

Resolution 229/11/CONS establishes that from January 1, 2012 termination tariffs must be symmetric between Telecom Italia and other operators, in particular TDM termination tariffs must be symmetric at an SGU level, while IP termination tariffs must be symmetric and defined as the result of two proceedings, one technical on IP interconnection and the other economic to define the BULRIC model. Subsequently, as the result of a ruling of the Council of State issued on February 15, 2013, the symmetry between Telecom Italia and the other OLOs regarding fixed termination was annulled. Following this the termination values of the OLOs for 2012 were approved by AGCOM in March 2013 by way of Resolution 187/13/CONS. The value of the fixed termination on the Telecom Italia network at the various interconnection levels was decided by way of Resolution 92/12/CIR.

Telecom Italia filed an appeal against Resolution 187/13/CONS with the Lazio Regional Administrative Court (TAR) to endeavor to obtain an OLO termination price lower than that established by AGCOM. On the other hand Fastweb appealed against this resolution to attempt to obtain a higher price. At the substantive hearing on April 23, 2014 the TAR rejected the appeals of both Telecom Italia and Fastweb. Fastweb filed an appeal against this sentence of the TAR, notifying WIND of this on October 14, 2014.

AGCOM has completed public consultation 349/12/CONS on the cost model (BULRIC) for the determination of the prices of the interconnection services in IP modality (preliminary inquiry initiated on December 15, 2011), and has submitted its proposal for a final decision to the European Commission. By way of a communication of February 7, 2013, the European Commission initiated a more detailed phase in conjunction with AGCOM and BEREC ("Phase II Investigation") and WIND has provided its positioning.

Following the comments received from the European Commission, by way of Resolution 668/13/CONS AGCOM has set the final prices for the wholesale interconnection services for 2013-2015, applicable to the networks of the Telecom Italia operators and alternative operators regardless of the type of underlying network (TDM or IP).

Migration and pure number portability procedure

Following technical discussions between operators at AGCOM to update the migration procedures, taking account of LLU subloop services, the possibility of managing virtual operators in the fixed line segment and the need to manage the migrations onto the Telecom Italia NGA offers in the fixed line segment, and following a public consultation (31/13/CIR) which took place on November 20, 2013, by way of Resolution 611/13/CONS, AGCOM issued additions to the activation, migration and termination procedures in access services for Telecom Italia's NGAN services (VULA FTTCab-FTTH, Bitstream FTTCab naked and shared, Bitstream FTTH, End to End, access to the termination segment in optic fiber) and subloop services (providing the new overwriting matrices) and for the resale of access services at a wholesale level (the OLO retail/OLO wholesale procedure).

Operators had 4 months from the publication date to implement the additions.

Technical discussions will continue at a date yet to be established with an analysis of a joint WIND/Vodafone/Metroweb proposal which includes the scenario of the existence of Vertical in Fiber owned by any network supplier.

Concerning the activation/migration procedure, AGCOM issued Resolution 309/14/CONS on July 17, 2014 in which it ordered Telecom Italia to respect the rules governing the procedures for user transfer.

Decisions and public consultations of the European Commission and of BEREC

During 2014, WIND participated by sending its contribution and positioning to the public consultations set up by the European Commission and BEREC. The principal consultations were as follows.

In January 2014, WIND participated, once again through the ECTA, in the European public consultation on a revision of copyright rules.

In February 2014, WIND sent its comments to the BEREC public consultation on the geographical definition of relevant markets.

In March 2014, WIND sent its positioning to the European Commission on the request for contributions in advance of the BEREC Stockholm Workshop on the revision of relevant markets.

Following the opinions of BEREC and COCOM, the revision of the relevant markets constituting the base for the market analysis required to be carried out by the National Authorities was approved in October 2014.

In April 2014, WIND sent its contribution to the BEREC public consultation on Monitoring the quality of internet access services in the context of Net Neutrality.

Mobile market

Market Analysis - Mobile Termination

Resolution 621/11/CONS became effective on January 4, 2012 as far as mobile termination is concerned, the outcome of the third cycle of market analyses initiated with Resolution 670/10/CONS on the basis of which i) the relevant market keeps the same perimeter (4 distinct markets: one for each of the networks of the 4 mobile operators), ii) AGCOM notes that there are no MVNOs with infrastructural ranges of their own numbering at the time of the monitoring, iii) the notification of Significant Market Powers (SMPs) for the 4 MVNOs is confirmed, each on its own reference market, iv) the 4 SMPs having the following requirements are confirmed: Access and use of specific network resources (public OR), Transparency (public OR), Non-discrimination (public OR), Regulatory accounting and Price control (defined on the basis of the BU LRIC cost model adopted with Resolution 60/11/CONS) and v) the termination prices determined for the price cap are calculated by using the BULRIC model adopted with Resolution 60/11/CONS, which includes a reasonable remuneration rate of 10.4% for the capital employed (WACC) (this was 12.4% in 667/08/CONS).

With Resolution 621/11/CONS, AGCOM confirmed the termination amounts determined in the previous resolution (667/08/CONS) until June 30, 2012 and established the following glide path.

<i>Eurocents/minute</i>	As from 07/01/2012	As from 01/01/2013	As from 07/01/2013
H3G	3.5	1.7	0.98
Telecom Italia	2.5	1.5	0.98
Vodafone	2.5	1.5	0.98
WIND	2.5	1.5	0.98

Various operators appealed against Resolution 621/11/CONS for a variety of different reasons. The main reason for these appeals filed separately by WIND, Vodafone and Telecom Italia was the asymmetry granted to AGCOM and H3G, going beyond the end of 2012 and into the first half of 2013. In this respect partially upholding these appeals the Lazio TAR ordered AGCOM to provide suitable reasoning and partially annulled Resolution 621/11/CONS with reference to the provision on H3G's asymmetric tariff (sentences no. 8381 of October 10, 2012 and nos. 10263 and 10265 of December 7, 2012). In order to comply with the TAR's sentences, AGCOM issued Resolution 11/13/CONS confirming the contents of Resolution 621/11/CONS. WIND, Telecom Italia, Poste Mobile and Vodafone filed an appeal for the same reasons with the Lazio TAR to have Resolution 11/13/CONS annulled. WIND, Vodafone, Fastweb and H3G also filed an appeal with the Council of State for the reversal of the Lazio TAR's sentences on Resolution 621/11/CONS. By way of sentence no. 725/2014 the Council of State upheld H3G's appeal on the asymmetry of H3G's mobile termination amount in the second half of 2013. As a result of that sentence AGCOM adopted Resolution 259/14/CONS. WIND, Vodafone and Telecom appealed to the Council of State for compliance with sentence no. 725/2014 and for a prior ruling of the ineffectiveness, nullity and/or illegitimacy of Resolution 259/14/CONS. In addition, WIND and Vodafone filed an appeal with the Lazio TAR for the annulment at a supreme court level of Resolution 259/14/CONS; Telecom filed an extraordinary appeal with the Head of State against the resolution. Also H3G, for reasons to the contrary, has filed similar appeals for compliance with the Council of State and legitimacy with the TAR. The hearing for the appeals of WIND, Vodafone and H3G before the Council of State for compliance with sentence no. 725/14 has been scheduled for December 17, 2014.

In addition, on adjudication of sentences no. 21 of January 7, 2013 and no. 3636 of July 9, 2013 issued by the Council of State, the proceeding for the redetermination of mobile termination on the H3G network in the period between November 1, 2008 and June 30, 2009 was reinstated. The start of the proceeding was followed by a public consultation initiated by AGCOM in November 2013, in which AGCOM put out for consultation a range of possible values for termination on the H3G mobile network. WIND took part in the public consultation.

The proceeding for a market analysis of mobile termination was recently reinstated by way of Resolution 50/14/CONS. This proceeding is still in progress.

Market Analysis: Messenger services – SMS termination

As part of proceeding 670/10/CONS on mobile network voice termination services (market 7) and with specific indication as part of Resolution 621/11/CONS, AGCOM is continuing its review of SMS services with specific Market Analyses for SMS termination services. In March 2013, following the positive opinion issued by the European Commission on AGCOM's proposed decision not to regulate that market, AGCOM published its final decision (Resolution 185/13/CONS) which confirms the non-regulation of the wholesale SMS termination services market. BIP Mobile has filed an appeal against Resolution 185/13/CONS with the Lazio TAR. The substantive hearing was held on March 26, 2014 and the court turned down the appeal. AGCOM's commitment to monitor the performance of the market remains.

A market analysis proceeding relating to mobile termination was recently initiated by way of Resolution 50/14/CONS, and matters relating to SMS termination may also be treated in this.

Roaming Regulation

On May 30, 2012, the European Council approved the text of the III Roaming Regulation providing for the inclusion of structural solutions designed to increase the level of competition in the provision of international roaming services as well as the requirement to supply a wholesale access offer for roaming services. The gradual reduction of both the wholesale and retail caps from July 1, 2012 was additionally confirmed, with the inclusion of retail caps also for the provision of data services.

The new Roaming Regulation 531/12 was published on June 30, 2012; this introduces measures for the structural separation of roaming services from the supply of domestic services (decoupling, plus Local Breakout - LBO - for data). This separation will become operational on July 1, 2014 and by way of an Implementing Regulation published on December 14, 2012 the Commission established the principles underlying the way this will be carried out.

In July 2013, at the end of the related public consultation, BEREC published the guidelines for the implementation of Decoupling and LBO structural solutions.

During September 2013, the European Commission proposed a draft single market regulation to the European Parliament and Council, providing for draft changes to the current legislative framework. The amendments to the proposal are currently being reviewed, in particular as far as the roaming aspects are concerned. The European Parliament and Council are conducting separate analyses and introducing revisions to the Commission's text. On April 3 the parliament approved its amendments to the text which in any case are not final. The proposal approval process is expected to be completed by the end of 2014 and as of today the outcome is hard to predict, other than in a general tendency towards a reduction in retail prices for roaming services offered by countries in the Union. The new caps for voice, SMS and data prescribed by Roaming Regulation 531/12 became effective on July 1, 2014.

Frequencies

Public consultation Resolution 553/12/CONS on the use of frequencies in the 3600-3800 MHz band by terrestrial systems capable of providing electronic communication services was completed in May 2013. The Authority's aim was to obtain comments, items of information and documentation concerning the use of these frequencies through this consultation. The objective of this activity is to check the effective market demand for these applications and the conditions for use in the light of evolving technological developments and changing technical legislation. The proceeding was closed without the publication by the Authority of frequency allocation procedures.

Resolution 628/12/CONS, the public consultation resolution, was published in January 2013; this regards a revision of the measures for issuing rights of use for the frequencies available for the 26 and 28 GHz broadband radio networks. The proceeding was concluded with the publication in June 2013 of Resolution 355/13/CONS. This resolution supplements and amends certain of the previously existing allocation measures included in the previous Resolution 195/04/CONS. It has been established that for a period of three years, which is considered reasonable, the Ministry for Economic Development may arrange for the publication of further notices for the allocation of rights of use for frequencies in these bands.

By way of Resolution 451/13/CONS, in July 2013 AGCOM revised the Frequency Allocation Plan for the digital terrestrial television service for the national networks, as per Resolution 300/10/CONS. The provision also contains

recommendations for channel 60, adjacent to the 800 MHz LTE band: the full replacement of channel 60 by channel 55 throughout the whole of the country is expected to be completed by and no later than June 30, 2015. In October 2013, by way of Resolution 539/13/CONS, and in December 2013, by way of Resolution 631/13/CONS, AGCOM made a series of additions to Resolution 451/13/CONS.

On January 31, 2014, the Authority published Resolution 26/14/CONS: "Implementation of article 6, paragraph 8 of Decree Law no. 145 of December 23, 2013. Initiation of procedures" which initiates procedures for excluding from the planning of the frequencies for the digital terrestrial television service the frequencies recognized at an international level and used in neighboring countries, envisaged and allocated to television network operators in Italy and the subject of ascertained interference situations. By way of a press release of September 23, 2014, AGCOM has recently announced that it has identified the interference channels, deferring the redefinition of the frequency plan to a later date.

The Authority made further revisions on March 17, 2014 by way of Resolution 91 /14/CONS "Revision, limited to the Region of Sicily, of Resolution 93/12/CONS on the frequency allocation plan for the terrestrial digital service of the regions Abruzzo, Molise, Basilicata, Puglia, Calabria and Sicily (Technical Areas Nos. 11, 14 and 15)", adopted also in consideration of the fact that Malta made a formal request to Italy on December 10, 2013 to obtain coordination of UHF channel 43.

Decree no. 165 of August 9, 2013 issued by the Ministry for Economic Development was published in Official Journal no. 44 on February 22, 2014; this establishes the technical procedures for intervention by telecommunication operators to minimize interference between broadband mobile services and domestic television reception equipment. In addition, article 4, paragraph 3 of Decree no. 165/2013 sets the contribution percentages to be paid by operators to the fund.

On May 8, 2014, the Authority published Resolution 149/14/CONS which makes further changes to Resolution 451/13/CONS "Revision of the frequency allocation plan for the digital terrestrial television service for the national networks, as per Resolution 300/10/CONS" (formerly amended by Resolution 539/13/CONS and Resolution 631/13/CONS).

Recently, by way of Resolution 233/14/CONS, AGCOM initiated a public consultation on the request to extend the term of the GSM rights of use in the 900 and 1800 MHz bands for the operators Telecom Italia and Vodafone Omnitel NV. The proceeding is in progress.

Other Issues

National Numbering Plan - SMS/MMS Aliases

Following a public consultation on the regulations for testing alphanumeric aliases for identifying the calling line in SMS/MMS (Resolution 7/13/CIR), on July 17, 2013, AGCOM published Decision Resolution 42/13/CIR with which it initiated a testing period for the use of aliases on certain numbering codes also in Italy. The testing will allow the use of aliases from abroad, something not originally provided in the public consultation. Following the publication of the resolution, AGCOM arranged a series of meetings on the subject of the Alias Data Base which it will manage. Other meetings regarded the drafting of a Code of Conduct. AGCOM has additionally asked operators for their opinions on the issue of the traceability of SMSs/MMSs having an alias sender. On December 24, 2013, AGCOM sent out the

guidelines for the use of the Alias Register. On February 24, 2014 the Authority began the testing of the Alias Register with operators and this was completed in March.

On February 26, 2014, WIND published its code of conduct on Aliases for business messenger services on the home page of its institutional website (www.windgroup.it).

On May 13, 2014, by way of Resolution 50/14/CIR, AGCOM updated the Rules for testing alphanumeric indicators for identifying the calling line in SMSs/MMSs used for business messenger services, also allowing the use of aliases for electronic ticketing services for public transport.

On June 10, 2014, the centralized system managed by the Authority for recording and checking aliases, created as part of the testing as per Resolution 42/13/CIR as amended, became operational.

On June 13, 2014, AGCOM initiated a public consultation (62/14//CIR) with the aim of updating the current national numbering plan. At the present time AGCOM is assessing the replies provided by the market operators.

Universal Service

By way of Resolution 46/13/CIR AGCOM established the net cost for 2006 as nil, with the share of the contribution of the operators for 2006 relating solely to the cost of revision. Telecom Italia has appealed against that resolution.

In April 2014, AGCOM called a public consultation (Resolution 40/14/CIR) on the Universal Service for 2007 and Axon Partners Group has been engaged to check the net cost of this. This company has also been selected by the Authority as the independent auditor for fiscal years 2008/2009.

Despite identifying a net cost of €0.07 million, in Resolution 40/14/CIR the Authority states its belief that this is not an unfair charge for Telecom Italia. The consultation has been completed and AGCOM's final decision on the Universal Service for 2007 is currently awaited.

In September 2014, AGCOM initiated the preliminary proceeding (having a term of 90 days) on the identification of the criteria for the designation of one or more operators responsible for providing the universal service in electronic communications.

In May 2014, the Lazio TAR upheld Vodafone's appeals on the revised contribution of the Universal Service for 1999/2000/2002/2003 which had been confirmed by AGCOM, with the support of an opinion provided by the AGCM; the court annulled the relative resolutions in the parts relating to Vodafone's share of the contributions for the years in question.

AGCOM and Telecom Italy have filed appeals with the Council of State against the sentence issued by the TAR: the substantive hearing has been set for December 4, 2014.

Copyright

Following a new public consultation on copyright protection, in December 2013 AGCOM published the Regulations which establish the copyright protection procedure and the roles of the individual parties involved. The Regulation became effective on March 31, 2014. WIND is mainly involved as an access operator and as an operator providing hosting services and hosts contents uploaded by third parties on its platforms.

Main new consumer protection regulations

In June 2013, AGCOM initiated technical discussions for the purpose of reforming the way in which the quality of the customer assistance service is regulated, with specific reference to the introduction of digital customer assistance modalities.

In December 2013, by way of Resolution 602/13/CONS, AGCOM established the way in which the National Broadband Information System (SINB) is created and managed. This system was adopted in order to guarantee a minimum standard of transparency towards end users for the geographical coverage of broadband and ultra-broadband internet access services regardless of the platform used (copper, optic fiber, radiomobile, WiMax, WiFi/Hyperlan). For this purpose an interactive tool which may be deployed by users has been created which, through organic access to the information relating to fixed and mobile coverage across the country, is able to contribute to the increase in the level of awareness of broadband service offers available in Italy.

Unlike fixed and mobile networks, clear information on the coverage of the broadband network is not available for users for other types of network (such as Wifi, WiMax, etc.). In order to make all the information on network coverage available to users in a single portal, AGCOM believes it necessary to integrate and carry out interoperability activities on the different databases of the various operators in order to create a geographical mapping of the availability of broadband and ultra-broadband service offers.

To this end the resolution requires operators to provide the information necessary for feeding the information base of the SINB and allows interoperability of such through its own information services relating to broadband coverage throughout the country.

By way of Resolution 202/13/CONS, AGCOM initiated a public consultation procedure on the changes to be made to the "Regulation on provisions protecting users on the question of providing electronic communication services through remote contracts". While waiting for AGCOM's public consultation to be completed, on June 13, 2014 a series of changes to the Consumers' Code became effective, introduced by Legislative Decree no. 21/2014, relating to remote contracts and contracts entered outside commercial premises.

By way of Resolution 276/13/CONS, the Authority approved the guidelines for the allocation of powers to the regional communications committees (Corecoms) on the question of the settlement of disputes between users and operators. In order to ensure overall consistency in applying the settlement regulation throughout the country, AGCOM indicated the subjective and objective spheres of its application.

By way of Resolution 712/13/CONS, AGCOM set up three research projects that will be carried out by the Ugo Bordoni Foundation, including "A price comparison between electronic communications services". The aim of the project is to create an AGCOM website comparing offers for electronic communications services which have been provided by operators and may be accepted by customers through entering contracts. In March 2014, AGCOM initiated technical discussions in which the operators and the Ugo Bordoni Foundation are participating.

By way of Resolution 414/14/CONS, a public consultation has been initiated on changes to Resolution 244/08/CSP on "Further provisions on quality and fixed workstation internet access service charters to supplement Resolution 131/06/CSP". The deadline for sending responses was on October 16, 2014.

By way of Resolution 410/14/CONS, AGCOM approved the new Regulation on administrative penalties and commitments governing pre-preliminary and preliminary activities designed to ascertain breaches and deal with the application of administrative penalties under the Authority's jurisdiction, as well as the establishment of

commitments. In addition, by way of this resolution the Authority initiated a public consultation on the document on guidelines for the application of the criteria dictated by Law no. 689 of November 24, 1981 on administrative penalties for the correct quantification of the monetary penalties applied by AGCOM. The deadline for sending responses was on October 14, 2014. WIND will provide its contribution through Asstel.

Privacy

Legislative Decree no. 69/12, through which Italy transposed European Directive 136/2009 on Telecommunications (the e-Privacy Directive) into national law, introduced significant changes in the privacy field.

By way of article 32-bis of Legislative Decree no. 196/2003 (the Privacy Code) this decree introduced the definition of "Data Breach" and an obligation to notify the Authority and subscribers in the event of a violation of the user's personal data and in any case in the event of the detriment of such data. On April 4, 2013 the Privacy Guarantor issued the provision on the implementation of the Data Breach discipline and accordingly WIND adopted the relative procedures and carried out and completed training courses for its data supervisors.

The above decree additionally amended article 122 of the Privacy Code by introducing an opt-in regime for e-cookies, separating these into "technical cookies" (e.g. session monitoring, computer authentication, etc.) which are needed to supply the service and are not subject to the regime and "non-technical cookies" (e.g. monitoring websites visited, collection of the user's data, etc.) which are used for marketing purposes and which, being especially critical as far as privacy is concerned, require the prior and informed consent of the customer/user. In this scenario the Privacy Guarantor initiated a public consultation directed towards all site managers and the most representative consumers' associations for the purpose of obtaining contributions and suggestions on the subject and, subsequently, set up an inter-operator workgroup in order to implement the cookies legislation without relinquishing the need for simplification.

In Provision 229/2014 the Privacy Guarantor identified simplified means for making privacy disclosures and acquiring consent for the use of cookies, following which internal and inter-operator workgroups have been set up which are designed to fulfill the requirements of the Authority's prescriptions within the term for adaptation of one year.

The inter-operator workgroup created for setting up a data base of defaulters in the telecommunications sphere has picked up its activities again; this is being used as a means of complementing Creditworthiness Information Systems (SICs) by providing comparative information on default in the electronic communications sphere. Operators also believe it appropriate to set up a sector data bank (Telecommunications Information Systems - SITs) as this would contain the most important information for the purposes pursued. A workshop has been set up with the Privacy Guarantor which held its second meeting on July 2, 2013, having the aim of collecting the detailed arguments put forward by operators concerning their requests to set up a data base of defaulters in the sector. Further meetings have taken place and a new request for clarifications has been made by the Privacy Guarantor, to whom replies were provided at the beginning of December 2013.

Further clarifications were provided in the last quarter and at the present moment a general provision on the matter is awaited.

Following the issue of Provision 242/2013 by the Privacy Guarantor on the subject of the processing of personal data for direct marketing purposes, talks were held both internally and with other operators with the aim of assessing the scenarios which might arise from the possibility of exercising partial opposition to processing for marketing purposes

which the Guarantor would like to grant to customers. The information has been amended in implementation of the provisions.

By way of a provision published in the Official Gazette on January 3, 2014, a public consultation has been initiated which is addressed to all operators working in the Mobile Remote Payment field with the aim of collecting comments and observations on the subject.

In this respect a document has been sent to the Privacy Guarantor that includes the observations agreed at the inter-operator workgroup, following which the Authority has published a Provision regarding the mobile remote payment service and value added services (VAS).

New internal and inter-operator workgroups were set up, designed to analyze the effects and potential critical matters relating to the implementation of the Authority's requirements, following which it was agreed to send a request for interpretation and re-examination with particular reference to the security measures (cryptography/adult PIN) to be adopted and the means by which the customer's consent for promotional purposes should be acquired. A reply from the Authority is currently awaited.

By way of Provision 53/2014 of the Privacy Guarantor an update has been added on the subject of profiling. An internal workgroup has been set up in this respect.

By way of a provision published in the Official Journal a public consultation was initiated on May 23, 2014, addressed to all the owners of biometric treatments, on a draft provision on biometric recognition and graphometric signatures in order to obtain contributions and observations on the subject.

In this respect a document has been sent to the Privacy Guarantor which includes the observations agreed by the inter-operator workgroup and an implementation regulation is currently awaited.

Disputes with operators before AGCOM

By way of a provision notified on June 26, 2014 referring to the dispute initiated by WIND with Telecom Italia (whose subject is Telecom Italia's refusal to provide WIND with the IP interconnection service and to migrate traffic onto the IP interconnection in accordance with the obligations, timing and means established by the Authority), AGCOM found in WIND's favor and ordered administrative migration from December 2013 to July 2014 through a predetermined shifting (as the result of this migration from August 2014 WIND will no longer incur any costs for the charges relating to the flows and interconnection gates with Telecom Italia's TDM network) and technical migration of TDM traffic to the IP interconnection by June 2015.

In July 2014, Telecom Italia initiated two disputes with AGCOM against WIND concerning unsuccessful supply and maintenance work and the economic conditions for the collection service for calls to Telecom Italia's non-geographic numbers originating on WIND's fixed-line network.

OUTLOOK

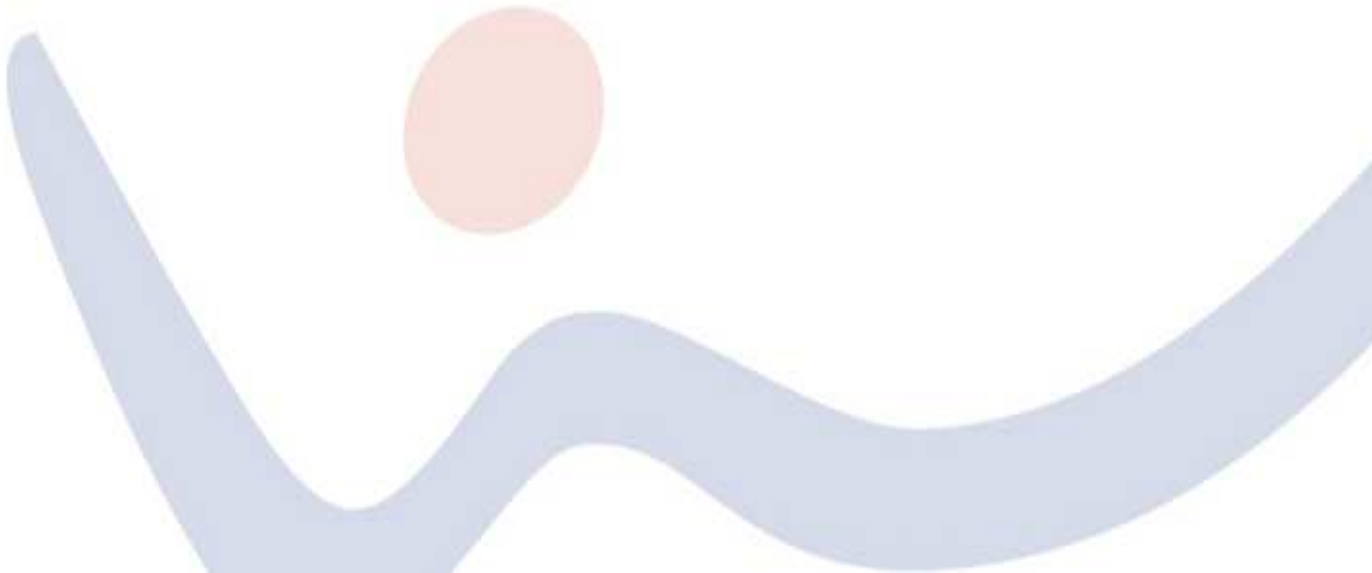
The solid commercial performance and ongoing cost structure optimization process has enabled the WIND Group to consolidate its competitive position in the first nine months of 2014, despite the market contraction and continuing challenging macroeconomic environment. The efficiency and cost optimization processes have been and will be further enhanced by the integration with the VimpelCom Group, mainly through the achievement of synergies. In addition, in the first nine months of the year, the Group has initiated a debt refinancing process with the issuance of a new bond in April and a further bond issuance completed in July, ensuring a significant decrease in the average cost of debt; as a result the Group will benefit from material interest cost savings going forward.

During the remainder of 2014, the Group will continue to explore and develop the most promising opportunities arising from the combination of new technologies and new needs expressed by the market while continuing to build upon the commercial success experienced during the course of 2013 and the first nine months of 2014 in the mobile, fixed-line voice and internet segments as well as continuing to develop its convergent business model. The WIND Group will also continue to focus on the optimization of its cost structure.

WIND GROUP

**Consolidated interim financial statements as of and
for the nine-month period ended September 30,
2014**

FINANCIAL STATEMENTS AND NOTES THERETO



BOARD OF DIRECTORS AND CORPORATE BODIES OF WIND TELECOMUNICAZIONI SPA

Board of Directors ⁽¹⁾

Chairman	Andrew Mark Davies
Directors	Maximo Ibarra, CEO
	Vincenzo Nesci
	Albert Hollema
	Felix Saratovsky

Board of Statutory Auditors ⁽²⁾

Chairman	Giancarlo Russo Corvace
Standing auditor	Roberto Colussi
Standing auditor	Maurizio Paternò di Montecupo
Substitute auditor	Lelio Fornabaio
Substitute auditor	Stefano Zambelli

⁽¹⁾ On February 27, 2014 Mr. Jo Olav Lunder resigned from his office as Board member of WIND and Chairman of the Board of Directors of the Company. On March 5, 2014 the Board of Directors of the Company co-opted Mr. Andrew Mark Davies as a member of the Board of Directors and Chairman of the Board until the shareholders' meeting of WIND approving the financial statements as of December 31, 2013. The shareholders' meeting of WIND dated April 18, 2014, that approved the financial statements of the Company as of December 31, 2013, appointed the new Board of Directors for a two- year term until the date of the shareholders' meeting convened for the approval of the Company's financial statements as at December 31, 2015. The Shareholders' meeting further confirmed Mr. Davies as Chairman of the Board of Directors of WIND. The Board of Directors of WIND convened on April 18, 2014 confirmed Mr. Maximo Ibarra as Chief Executive Officer of the Company.

⁽²⁾ The Shareholders' meeting held on April 12, 2013 appointed the Board of Statutory Auditors of the Company for a three-year term until the date of the shareholders' meeting convened for the approval of the Company's financial statements at December 31, 2015.

CONTENTS

	BOARD OF DIRECTORS AND CORPORATE BODIES OF WIND TELECOMUNICAZIONI SPA	43
	CONSOLIDATED INCOME STATEMENT	46
	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	47
	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	48
	CONSOLIDATED CASH FLOW STATEMENT	49
	ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT	49
	STATEMENT OF CHANGES IN CONSOLIDATED EQUITY	50
	NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE WIND TELECOMUNICAZIONI GROUP AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2014	51
1	INTRODUCTION	51
2	GENERAL ACCOUNTING POLICIES	52
3	BASIS OF CONSOLIDATION	56
4	REVENUE	57
5	OTHER REVENUE	57
6	PURCHASES AND SERVICES	58
7	OTHER OPERATING COSTS	59
8	PERSONNEL EXPENSES	59
9	DEPRECIATION AND AMORTIZATION	59
10	REVERSAL OF IMPAIRMENT LOSSES / (IMPAIRMENT LOSSES) ON NON-CURRENT ASSETS ..	60
11	FINANCE INCOME AND EXPENSE	60
12	INCOME TAX	62
13	PROPERTY, PLANT AND EQUIPMENT	63
14	INTANGIBLE ASSETS	64
15	FINANCIAL ASSETS	64
16	DEFERRED TAX ASSETS AND LIABILITIES	65
17	EQUITY	66
18	EARNINGS PER SHARE	67
19	PROVISIONS	67
20	FINANCIAL LIABILITIES	68
21	DERIVATIVE FINANCIAL INSTRUMENTS	69
22	NET FINANCIAL DEBT	71
23	CASH FLOW STATEMENT	71
24	RELATED PARTY TRANSACTIONS	72

25	OTHER INFORMATION	75
26	SUBSEQUENT EVENTS	78

CONSOLIDATED INCOME STATEMENT

<i>(thousands of euro)</i>	Note	2014 9 months	2013 9 months	2014 III quarter	2013 III quarter
Revenue	4	3,290,243	3,649,820	1,103,500	1,205,915
Other revenue	5	220,576	95,836	116,851	44,318
Total revenue		3,510,819	3,745,656	1,220,351	1,250,233
Purchases and services	6	(1,753,243)	(1,930,457)	(581,868)	(631,250)
Other operating costs	7	(133,337)	(129,005)	(43,860)	(39,475)
Personnel expenses	8	(238,593)	(242,841)	(73,991)	(72,019)
Operating income before depreciation and amortization, reversal of impairment losses/impairment losses on non-current assets and gains/losses on disposal of non-current assets		1,385,646	1,443,353	520,632	507,489
Depreciation and amortization	9	(909,400)	(946,641)	(300,181)	(315,439)
Reversal of impairment losses/(impairment losses) on non-current assets	10	(1,665)	(1,790)	(470)	(1,745)
Gains/(losses) on disposal of non-current assets		(2,800)	(2,330)	(923)	(2,493)
Operating income		471,781	492,592	219,058	187,812
Finance income	11	45,325	37,753	(9,441)	1,790
Finance expense	11	(1,261,005)	(709,232)	(525,222)	(247,491)
Foreign exchange gains/(losses), net		(36,360)	(5,868)	(22,865)	(1,324)
Profit/(Loss) before tax		(780,259)	(184,755)	(338,470)	(59,213)
Income tax	12	118,894	(74,565)	79,986	(27,405)
Loss from continuing operations		(661,365)	(259,320)	(258,484)	(86,618)
Profit/(Loss) for the period		(661,365)	(259,320)	(258,484)	(86,618)
Non-controlling interests		(62)	(24)	(15)	(25)
Loss for the period attributable to the owners of the parent		(661,303)	(259,296)	(258,469)	(86,593)
Earnings per share (in euro) – basic and diluted:	18				
Earning per share from Continuing operations		(4.53)	(1.77)	(1.77)	(0.59)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(thousands of euro)</i>	Note	2014 9 months	2013 9 months	2014 III quarter	2013 III quarter
Loss for the period		(661,365)	(259,320)	(258,484)	(86,618)
Other comprehensive income that will be reclassified subsequently to profit or loss					
Gains/(losses) on cash flow hedging instruments		4,233	52,590	22,195	31,156
Income tax relating to components of Other comprehensive income that will be reclassified subsequently to profit or loss		(3,335)	6,366	(6,768)	(2,790)
Total Other comprehensive income that will be reclassified subsequently to profit or loss	17	898	58,956	15,427	28,366
Other comprehensive income that will not be reclassified subsequently to profit or loss					
Gains/(losses) on remeasurement of defined benefit plans		250	-	83	-
Income tax relating to components of Other comprehensive income that will not be reclassified subsequently to profit or loss		(69)	-	(23)	-
Total Other comprehensive income that will not be reclassified subsequently to profit or loss	17	181	-	60	-
Total Other comprehensive income for the period, net of tax	17	1,079	58,956	15,487	28,366
Total comprehensive income for the period		(660,286)	(200,364)	(242,997)	(58,252)
Total comprehensive income attributable to:					
<i>Owners of the parent</i>		(660,224)	(200,340)	(242,982)	(58,227)
<i>Non-controlling interests</i>		(62)	(24)	(15)	(25)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(thousands of euro)</i>	Note	At September 30, 2014	At December 31, 2013
Assets			
Property, plant and equipment	13	3,264,149	3,434,467
Intangible assets	14	8,341,538	8,575,134
Financial assets	15	1,126,051	126,690
Deferred tax assets	16	306,608	165,790
Total non-current assets		13,038,346	12,302,081
Inventories		26,732	27,377
Trade receivables		1,100,806	1,100,370
Financial assets	15	42,509	176,356
Current tax assets		2,884	19,274
Other receivables		227,518	189,899
Cash and cash equivalents		143,043	140,770
Total current assets		1,543,492	1,654,046
TOTAL ASSETS		14,581,838	13,956,127
Equity and Liabilities			
Equity			
Issued capital		147,100	147,100
Share premium reserve		751,887	751,887
Other reserves		(23,899)	(24,978)
Retained earnings		(748,787)	(87,484)
Equity attributable to owners of the parent	17	126,301	786,525
Non-controlling interests		22	84
Total equity	17	126,323	786,609
Liabilities			
Financial liabilities	20	10,751,566	9,084,017
Employee benefits		52,465	52,466
Provisions	19	178,125	274,379
Other non-current liabilities		160,344	165,388
Deferred tax liabilities	16	642,417	663,045
Total non-current liabilities		11,784,917	10,239,295
Financial liabilities	20	455,525	484,949
Trade payables		1,519,052	1,651,944
Other payables		648,611	772,108
Tax payables		47,410	21,222
Total current liabilities		2,670,598	2,930,223
Total liabilities		14,455,515	13,169,518
TOTAL EQUITY AND LIABILITIES		14,581,838	13,956,127

CONSOLIDATED CASH FLOW STATEMENT

<i>(thousands of euro)</i>	Note	2014 9 months	2013 9 months
Cash flows from operating activities			
Loss from continuing operations		(661,365)	(259,320)
Adjustments to reconcile the loss for the period with the cash flows from/ (used in) operating activities			
Depreciation, amortization and (reversal of impairment losses)/impairment losses on non-current assets		911,065	948,426
Net changes in provisions and employee benefits		(96,074)	(19,694)
(Gains)/losses on disposal of non-current assets		2,800	2,330
Changes in current assets		(125,262)	47,694
Changes in current liabilities		236,761	(174,649)
Net cash flows from operating activities	23	267,925	544,787
Cash flows from investing activities			
Acquisition of property, plant and equipment		(358,817)	(327,535)
Proceeds from sale of property, plant and equipment		123	751
Acquisition of intangible assets		(137,195)	(169,257)
Inflows/(outflows) from loan granted		(768,012)	-
Net cash flows used in investing activities	23	(1,263,901)	(496,041)
Cash flows from financing activities			
Changes in loans		998,249	(139,050)
Net cash flows from/(used in) financing activities	23	998,249	(139,050)
Net cash flows for the period			
		2,273	(90,304)
Cash and cash equivalents at the beginning of the period		140,770	130,543
Cash and cash equivalents at the end of the period		143,043	40,239

ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

<i>(thousands of euro)</i>	2014 9 months	2013 9 months
Income tax paid	(209,413)	(51,135)
Interest paid on loans/bonds	(568,421)	(568,693)
Interest paid on hedging derivative instruments	(47,543)	(58,058)
Interest received on hedging derivative instruments	9,036	13,445

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

<i>(thousands of euro)</i>	Equity attributable to the owners of the parent				Equity attributable to the owners of the parent	Non-controlling interests	Equity
	Issued capital	Share premium reserve	Other reserves	Retained earnings/(losses carried forward)			
Balances at December 31, 2012 (Reported amounts)	147,100	751,887	(95,861)	393,799	1,196,925	128	1,197,053
IAS 19 revised adoption effect			3,292		3,292		3,292
Balances at January 1, 2013	147,100	751,887	(92,569)	393,799	1,200,217	128	1,200,345
Total comprehensive income for period	-	-	58,956	(259,296)	(200,340)	(24)	(200,364)
- Loss for the period	-	-	-	(259,296)	(259,296)	(24)	(259,320)
- Cash flow hedges	-	-	58,956	-	58,956	-	58,956
Transactions with equity holders	-	-	-	-	-	-	-
Balances at September 30, 2013	147,100	751,887	(33,613)	134,503	999,877	104	999,981
Balances at January 1, 2014	147,100	751,887	(24,978)	(87,484)	786,525	84	786,609
Total comprehensive income for the period	-	-	1,079	(661,303)	(660,224)	(62)	(660,286)
- Loss for the period	-	-	-	(661,303)	(661,303)	(62)	(661,365)
- Cash flow hedges	-	-	898	-	898	-	898
- Remeasurement of defined benefit plans	-	-	181	-	181	-	181
Transactions with equity holders	-	-	-	-	-	-	-
Balances at September 30, 2014	147,100	751,887	(23,899)	(748,787)	126,301	22	126,323

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE WIND TELECOMUNICAZIONI GROUP AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2014

1 INTRODUCTION

WIND Telecomunicazioni SpA and its subsidiaries (the "Group" or the "WIND Group") operate primarily in Italy in the fixed and mobile telecommunications sector under the brands "Infostrada" and "Wind".

The following are the main offices of the Parent, WIND Telecomunicazioni SpA ("WIND" or the "Parent").

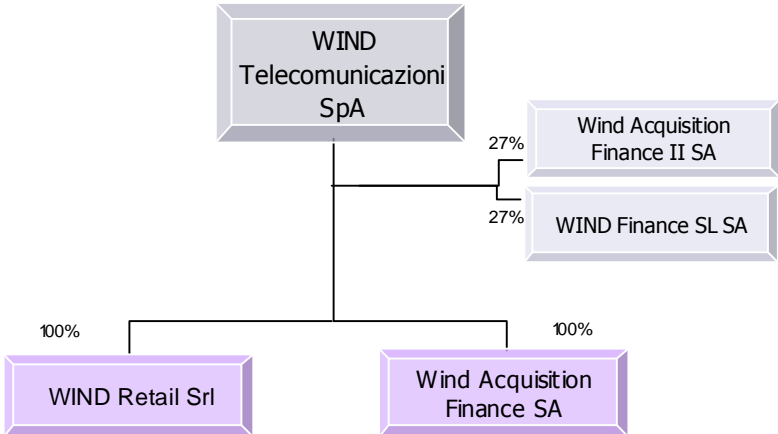
Registered office	Via Cesare Giulio Viola, 48 - 00148 Rome - Italy
Secondary office	Via Lorenteggio, 257 - 20152 Milan - Italy

The Parent WIND Telecomunicazioni SpA is controlled by Wind Telecom SpA through WIND Acquisition Holdings Finance SpA, which wholly owns WIND Telecomunicazioni SpA.

At the date of the present consolidated interim financial statements Vimpelcom Ltd holds 92.24% of Wind Telecom SpA.

The consolidated interim financial statements as of and for the nine-month period ended September 30, 2014 include the financial statements of the Parent WIND Telecomunicazioni SpA and those of its subsidiaries.

The following diagram outlines the structure of the WIND Group at September 30, 2014.



During the nine-month period ended September 30, 2014 the Group produced a loss before tax of €780,259 thousand (€184,755 thousand for the nine-month period ended September 30, 2013) and a loss for the period from continuing operations of €661,365 thousand (€259,320 thousand for the corresponding period). This result reflects the decline in operating income due to increased competitive pressure and to higher negative net finance expense mainly due to the expenses relating the refinancing operation completed in April and July 2014, for which details may be found in note 11.

The solid commercial performance and ongoing cost structure optimization process has enabled the WIND Group to consolidate its competitive position in the first nine months of 2014, despite the market contraction and continuing challenging macroeconomic environment. The efficiency and cost optimization processes have been and will be further enhanced by the integration with the VimpelCom Group, mainly through the achievement of synergies. In addition, in the first nine months of the year, the Group has initiated a debt refinancing process with the issuance of a new bond in April and in July, ensuring a significant decrease in the average cost of debt; as a result the Group will benefit from material interest cost savings going forward.

During the remainder of 2014, the Group will continue to explore and develop the most promising opportunities arising from the combination of new technologies and new needs expressed by the market while continuing to build upon the commercial success experienced during the course of 2013 and the first nine months of 2014 in the mobile, fixed-line voice and internet segments as well as continuing to develop its convergent business model. The WIND Group will also continue to focus on the optimization of its cost structure.

2 GENERAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated interim financial statements of WIND Telecomunicazioni SpA as of and for the nine-month period ended September 30, 2014 have been prepared on a going concern basis and in accordance with the IFRS endorsed by the European Union.

The term IFRS includes all International Financial Reporting Standards (IFRSs), all International Accounting Standards (IASs), all interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and all interpretations of the Standing Interpretations Committee (SIC) endorsed by the European Union and contained in published EU Regulations.

The structure and content of these consolidated interim financial statements comply with the disclosure requirements of IAS 34 *Interim Financial Reporting*. The consolidated interim financial statements have been prepared in accordance with IAS 1, while the notes thereto have been drawn up in a condensed format, as permitted by IAS 34. Accordingly, these consolidated interim financial statements do not include all the disclosures required for annual financial statements and should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2013.

The consolidated financial statements as of and for the year ended December 31, 2013 are available on request at the registered office of the Parent and on the website www.windgroup.it.

The income statement and statement of comprehensive income figures provided relate to the nine months ended September 30, 2014.

The accounting standards adopted by the Group are the same as those used for the preparation of the consolidated financial statements as of and for the year ended December 31, 2013.

The preparation of these notes required management to apply accounting policies and methodologies that are occasionally based on complex, subjective judgments, estimates based on past experience and assumptions determined to be reasonable and realistic based on the related circumstances and on the available information. The application of these estimates and assumptions affects the reported amounts in the income statement, the statement of comprehensive income, the statement of financial position, the cash flow statement and the accompanying notes. The closing amounts of items in the consolidated annual financial statements that were initially determined for the purposes of the consolidated interim financial statements by using the above estimates and assumptions may differ from those based on such estimates and assumptions, given the uncertainty surrounding the assumptions and conditions upon which these estimates are based. Management's significant judgments on the application of Group accounting policies and the main causes of uncertainty of these estimates are the same as those applied in the preparation of the consolidated financial statements as of and for the year ended December 31, 2013.

Income tax is recognized on the basis of the taxable income for the period and applicable laws and regulations, using tax rates in force at the end of the reporting period.

These consolidated financial statements are expressed in euros, the currency of the economy in which the Group operates. Unless otherwise stated, all amounts shown in the tables and in these notes are expressed in thousands of euro.

These consolidated financial statements were approved by the Parent's Board of Directors on November 11, 2014.

2.2 Accounting standards and interpretations

The Group has adopted all the newly issued and amended standards of the IASB and interpretations of the IFRIC, endorsed by the European Union, applicable to its transactions and effective for financial statements for years beginning January 1, 2014 and thereafter.

Accounting standards, amendments and interpretations adopted from 1 January 2014

The following is a brief description of the new standards and interpretations applicable and adopted by the Group in the preparation of the consolidated interim financial statements at September 30, 2014.

➤ *IFRS 10 – Consolidated Financial Statements and IAS 27 – Separate Financial Statements*

IFRS 10 – Consolidated Financial Statements replaces the whole of SIC-12 - Consolidation: Special Purpose Entities and parts of IAS 27 – Consolidated and Separate Financial Statements (which has been renamed IAS 27 – Separate Financial Statements and governs the accounting treatment of investments in separate financial statements).

IFRS 10 introduces a series of changes in the definition of the concept of control, including a number of practical guidelines for identifying control in cases where it is hard to ascertain. Checks on whether control exists must be carried out on a continuous basis and not only when acquiring an investment.

IAS 27 establishes the principles to be applied in accounting for investments in subsidiaries, joint ventures and associates when a company elects, or is required by local regulations, to present separate (or unconsolidated) financial statements.

No effects arose on the interim consolidated financial statements at September 30, 2014 from adopting these principles.

➤ *IFRS 11 – Joint Arrangements*

IFRS 11 – Joint Arrangements replaces IAS 31 – Interests in Joint Ventures and SIC-13 – Jointly Controlled Entities: Non-Monetary Contributions by Venturers. The new standard establishes that the parties to a joint venture must account for the investment using the equity method. Proportionate consolidation is accordingly no longer permitted. Agreements are classified on the basis of the rights and obligations of each party to the joint arrangement rather than its legal form. The adoption of the new standard and its application had no effect on the interim consolidated financial statements at September 30, 2014.

➤ *IFRS 12 - Disclosure of Interests in Other Entities*

IFRS 12 – Disclosure of Interests in Other Entities is a new, complete standard setting out the minimum disclosure requirements to be provided by an entity in its financial statements to evaluate the nature of, and risks associated with, all types of interests in other entities including those in subsidiaries, joint arrangements, associates, special-purpose vehicles and unconsolidated vehicles.

➤ *IAS 28 – Investments in Associates and Joint Ventures*

The objective of the revised version of IAS 28 is to prescribe the accounting for investments in associates and establish the requirements for applying the equity method when accounting for investments in associates and joint entities. The application of the standard had no effect on the interim consolidated financial statements at September 30, 2014.

➤ *Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities*

The amendments to IAS 32 – Financial Instruments: Presentation clarify the application of certain criteria for offsetting the financial assets and liabilities included in IAS 32. The adoption of these amendments had no significant effect.

➤ *Amendments to IFRS 10, IFRS 11 and IFRS 12 - Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*

The amendment to IFRS 10 - Consolidated Financial Statements clarifies that an investor must adjust comparative figures retrospectively if the conclusions on consolidation are not the same as those under IAS 27 / SIC 12 and IFRS

10 “at the date of initial application”. The amendments to IFRS 11 - Joint Arrangements and IFRS 12 “Disclosures of Interests in Other Entities” provide simplifications to the presentation or change of comparative information relating to periods prior to that called “the immediately preceding period”. The application of these amendments had no effect on the interim consolidated financial statements at September 30, 2014.

➤ *Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets*

The amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets address disclosures about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2014. The application of the amendments could lead to additional information in the consolidated financial statements.

➤ *Amendments to IAS 39 – Recognition and Measurement entitled Novation of Derivatives and Continuation of Hedge Accounting*

The amendments to IAS 39 - Financial Instruments: Recognition and Measurement entitled “Novation of Derivatives and Continuation of Hedge Accounting” allow hedge accounting to continue in a situation where a derivative which has been designated as a hedging instrument is novated as a result of laws or regulations to replace the original counterparty in order to ensure that the obligation assumed is successfully met, if specific conditions are met. These amendments must be applied retrospectively for annual periods beginning on or after January 1, 2014. The adoption of these amendments had no significant effect.

Accounting standards, amendments and interpretations adopted by the European Union and not early applied by the Group

At the date of these disclosures all the standards, amendments and interpretations adopted by the European Union were effective for preparing the interim consolidated financial statements at September 30, 2014.

Accounting standards, amendments and interpretations not yet adopted by the European Union

At the date of these notes relevant EU bodies have not completed the process necessary for the endorsement of the following standards and interpretations.

STANDARD/INTERPRETATION	IASB EFFECTIVE DATE
Annual Improvements to IFRSs 2010 – 2012 Cycle	July 1, 2014
Annual Improvements to IFRSs 2011 – 2013 Cycle	July 1, 2014
Amendments to IAS 19 – <i>Defined benefit Plans: Employee Contributions</i>	July 1, 2014
IFRS 14 – <i>Regulatory Deferral Accounts</i>	January 1, 2016
IFRS 9 – <i>Financial Instruments</i>	January 1, 2018
Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
IFRS 15 – <i>Revenue from Contracts with Customers</i>	January 1, 2017
Amendments to IAS 16 and IAS 41: Bearer Plants	January 1, 2016
Annual Improvements to IFRSs 2012 – 2014 Cycle	January 1, 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	January 1, 2016

The Group is currently assessing any impact the new standards and interpretations may have on the financial statements for the years in which they become effective.

3 BASIS OF CONSOLIDATION

The consolidated interim financial statements as of and for the nine-month period ended September 30, 2014 include the financial statements of WIND Telecomunicazioni SpA and those entities over which the company exercises control, both directly or indirectly, from the date of acquisition to the date when such control ceases. Control may be exercised through direct or indirect ownership of shares with majority voting rights, or by exercising a dominant influence expressed as the direct or indirect power, based on contractual agreements or statutory provisions, to determine the financial and operational policies of the entity and obtain the related benefits, regardless of any equity relationships. The existence of potential voting rights that are exercisable or convertible at the reporting date is also considered when determining whether there is control or not.

There are no changes in the scope of consolidation compared to the consolidated interim financial statements as of and for the nine-month period ended September 30, 2013.

The investments in WIND Finance SL SA and Wind Acquisition Finance II SA, in which the Group has an interest of 27%, are considered subsidiaries and then consolidated on a line-by-line basis because they are special purpose entities.

4 REVENUE

The following table provides an analysis of **Revenue** for the nine months and for the third quarter of 2014 compared with the corresponding periods of 2013.

(thousands of euro)	2014		2013		Change		2014		2013		Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%				
Revenue from sales	157,898	182,174	(24,276)	(13.3)%	48,929	51,368	(2,439)	(4.7)%				
- Telephone services	2,736,829	3,040,767	(303,938)	(10.0)%	917,334	1,012,081	(94,747)	(9.4)%				
- Interconnection traffic	283,723	300,984	(17,261)	(5.7)%	94,687	100,191	(5,504)	(5.5)%				
- International roaming	29,214	35,203	(5,989)	(17.0)%	14,558	15,469	(911)	(5.9)%				
- Judicial authority services	4,636	4,597	39	0.8%	1,414	1,433	(19)	(1.3)%				
- Other revenue from services	77,943	86,095	(8,152)	(9.5)%	26,578	25,373	1,205	4.7%				
Revenue from services	3,132,345	3,467,646	(335,301)	(9.7)%	1,054,571	1,154,547	(99,976)	(8.7)%				
Total	3,290,243	3,649,820	(359,577)	(9.9)%	1,103,500	1,205,915	(102,415)	(8.5)%				

The item shows a decrease for the nine months of 2014 compared with 2013 of 9.9%. This effect is mainly due to a decrease in revenue from telephone services, revenue from sales and revenue from *interconnection traffic*.

The *Telephone services* are affected by the difficult macroeconomic situation and the contraction of the market, with the decrease remaining at 10% in the first nine months of 2014 compared with 2013, thanks to the substantial maintenance in the mobile customer base and the development of offers dedicated to internet navigation on mobile phones.

The decrease in *revenue from sales* is due to the decrease in the sale of mobile telephone handsets only partially offset by a shift in sales towards high-range terminals.

The *Interconnection traffic* revenue decrease is mainly due to the general reduction of unit tariffs, only partially offset by an increase in mobile traffic volume and by an increase in interconnection traffic revenue from VAS Not Voice mainly due to an increase in traffic volumes.

The *International roaming* revenue fell mainly as the effect of the reduction in Voice and Data tariffs, only partially offset by an increase in international roaming volume.

5 OTHER REVENUE

Other revenue amounts in total to €220,576 thousand in the nine months of 2014 and to €116,851 thousand in the third quarter of 2014 (an increase of €124,740 thousand and of €72,533 thousand over the corresponding periods of 2013) and refers principally to the revisions of estimates of accruals made in previous years and to the effects related to the settlement of disputes and related commercial agreements with some suppliers.

In particular, during the quarter ended September 30, 2014, the Company entered into transactions creating an immediate benefit of €105 million recorded in *other revenues* in the consolidated income statement. Concurrently, the Company accepted an exposure to possible obligation. In case the Company fails to meet the obligation, it can be subject to cash penalties at the amount of up to €30 million. No provisions have been recognized with this respect because the risk of the penalty materializing was estimated not probable.

6 PURCHASES AND SERVICES

The following table provides an analysis of **Purchases and services** for the nine months and for the third quarter of 2014 compared with the corresponding periods of 2013.

<i>(thousands of euro)</i>	2014		2013		Change		2014		2013		Change	
	9 months	9 months	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%	Amount	%
Interconnection traffic	460,742	502,706	(41,964)	(8.3)%	151,989	173,307	(21,318)	(12.3)%				
Customer acquisition costs	145,252	184,574	(39,322)	(21.3)%	48,621	57,198	(8,577)	(15.0)%				
Lease of civil/technical sites and use of third party assets	185,353	186,444	(1,091)	(0.6)%	61,197	57,999	3,198	5.5%				
Purchases of raw materials, consumables, supplies and goods	160,773	217,679	(56,906)	(26.1)%	21,049	65,168	(44,119)	(67.7)%				
Rental of local network and circuits	323,172	329,370	(6,198)	(1.9)%	104,475	106,407	(1,932)	(1.8)%				
Advertising and promotional services	73,678	109,089	(35,411)	(32.5)%	19,460	29,464	(10,004)	(34.0)%				
Outsourcing costs for other services	92,404	105,702	(13,298)	(12.6)%	29,407	34,839	(5,432)	(15.6)%				
Maintenance and repair	66,480	72,570	(6,090)	(8.4)%	22,666	23,137	(471)	(2.0)%				
Power consumption and other utilities	99,544	95,986	3,558	3.7%	36,125	36,088	37	0.1%				
National and international roaming	23,265	33,335	(10,070)	(30.2)%	10,050	15,433	(5,383)	(34.9)%				
Consultancies and professional services	23,047	25,096	(2,049)	(8.2)%	9,814	8,533	1,281	15.0%				
Change in inventories	646	(17,405)	18,051	(103.7)%	28,213	(7,439)	35,652	(479.3)%				
Other services	98,887	85,311	13,576	15.9%	38,802	31,116	7,686	24.7%				
Total purchases and services	1,753,243	1,930,457	(177,214)	(9.2)%	581,868	631,250	(49,382)	(7.8)%				

The change in this item is essentially due to the combined effect of the following increases and decreases compared to the nine-month period ended September 30, 2013:

- a decrease of €41,964 thousand in *Interconnection traffic* costs mainly due to a general decline in termination tariffs, only partially offset by an increase in the volume of mobile termination traffic and in VAS and MMS traffic;
- a decrease of €39,322 thousand in the *Customer Acquisition Cost* mainly due to a decrease of commissions for new activations and mobile traffic and commissions for the sale of scratch cards;
- net decrease of €38,855 thousand in *Purchases of raw materials, consumables, supplies and goods and Change in inventories* mainly due to a decrease in the sale of mobile telephone handsets only partially offset by an increase in the unit purchase prices charged by suppliers compared to the previous year as the result of a shift on sales towards high-range terminals;

- a decrease of €35,411 thousand in the cost of *Advertising and promotional services* mainly due to the improvement in advertising strategy in terms of purchasing of advertising media such as TV, radio, billboards and decrease in sponsorship costs.

7 OTHER OPERATING COSTS

The following table provides an analysis of **Other operating costs** for the nine months and for the third quarter of 2014 compared with the corresponding periods of 2013.

(thousands of euro)	2014		2013		Change		2014		2013		Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%				
Impairment losses on trade receivables and current assets	84,630	87,323	(2,693)	(3.1)%	26,589	28,185	(1,596)	(5.7)%				
Accruals to provision for risks and costs	8,507	6,303	2,204	35.0%	2,211	1,759	452	25.7%				
Annual license and frequency fees	24,110	23,033	1,077	4.7%	8,560	6,117	2,443	39.9%				
Other operating costs	16,090	12,346	3,744	30.3%	6,500	3,414	3,086	90.4%				
Total other operating costs	133,337	129,005	4,332	3.4%	43,860	39,475	4,385	11.1%				

8 PERSONNEL EXPENSES

The following table provides an analysis of **Personnel expenses** for the nine months and for the third quarter of 2014 compared with the corresponding periods of 2013.

(thousands of euro)	2014		2013		Change		2014		2013		Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%				
Wages and salaries	208,808	204,789	4,019	2.0%	64,726	61,635	3,091	5.0%				
Social security charges	56,266	57,790	(1,524)	(2.6)%	17,433	17,092	341	2.0%				
Other personnel expenses	9,364	9,326	38	0.4%	2,814	2,902	(88)	(3.0)%				
Post-employment benefits	14,675	14,503	172	1.2%	4,629	4,513	116	2.6%				
(Costs capitalized for internal works)	(50,520)	(43,567)	(6,953)	16.0%	(15,611)	(14,123)	(1,488)	10.5%				
Total personnel expenses	238,593	242,841	(4,248)	(1.7)%	73,991	72,019	1,972	2.7%				

The change in the period compared with 2013 is due to the combined effect of the lower estimated charge relating to the compensation plan for the long-term retention and incentive of management and the higher capitalization of personnel cost for internal works.

9 DEPRECIATION AND AMORTIZATION

The following table provides an analysis of **Depreciation and amortization** for the nine months and for the third quarter of 2014 compared with the corresponding periods of 2013.

<i>(thousands of euro)</i>	2014	2013	Change		2014	2013	Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%
Depreciation of property, plant and equipment								
- Plant and machinery	516,003	528,177	(12,174)	(2.3)%	171,928	176,045	(4,117)	(2.3)%
- Industrial and commercial equipment	8,633	9,019	(386)	(4.3)%	2,852	3,040	(188)	(6.2)%
- Other assets	15,763	18,453	(2,690)	(14.6)%	4,973	5,925	(952)	(16.1)%
Amortization of intangible assets with finite lives								
- Industrial patents and similar rights	85,266	89,823	(4,557)	(5.1)%	27,942	29,964	(2,022)	(6.7)%
- Concessions, licenses, trademarks and similar rights	143,607	143,607	-	0.0%	47,868	47,869	(1)	(0.0)%
- Other intangible assets	140,128	157,562	(17,434)	(11.1)%	44,618	52,596	(7,978)	(15.2)%
Total depreciation and amortization	909,400	946,641	(37,241)	(3.9)%	300,181	315,439	(15,258)	(4.8)%

Depreciation and amortization decrease by €37,241 thousand over the first nine months of 2013. Of this €15,250 thousand relates to property, plant and equipment, due to the optimization in network investments made in the past year, and €21,991 thousand to intangible assets, mainly due to the decrease in the capitalization of fixed customer acquisition cost and software in the past year.

10 REVERSAL OF IMPAIRMENT LOSSES / (IMPAIRMENT LOSSES) ON NON-CURRENT ASSETS

The following table provides an analysis of **Reversal of impairment losses / (impairment losses) on non-current assets** for the nine months and for the third quarter of 2014 compared with the corresponding periods of 2013.

<i>(thousands of euro)</i>	2014	2013	Change		2014	2013	Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%
Reversal of impairment losses / (Impairment losses) on property, plant and equipment	(1,414)	(1,790)	376	(21.0)%	(219)	(1,745)	1,526	(87.4)%
Reversal of impairment losses / (Impairment losses) on intangible assets	(251)	-	(251)	n.m.	(251)	-	(251)	n.m.
Total	(1,665)	(1,790)	125	(7.0)%	(470)	(1,745)	1,275	(73.1)%

The balance for the nine months of 2014 includes the effects of impairment losses and reversals of property, plant and equipment and the effect of the operation to replace transmission equipment for which more details may be found in the note 13.

11 FINANCE INCOME AND EXPENSE

Financial management generated a negative net finance expense of €1,215,680 thousand in the first nine months of 2014 (€671,479 thousand in the first nine months of 2013) and net finance expense of €534,633 thousand in the third quarter of 2014 (€245,701 thousand in the third quarter of 2013)

The following table provides an analysis of **Finance income** for the nine months and for the third quarter of 2014 compared with the corresponding periods of 2013.

<i>(thousands of euro)</i>	2014		2013		Change		2014		2013		Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%				
Interest on bank deposits	301	397	(96)	(24.2)%	129	83	46	55.4%				
Cash flow hedge reversed from equity	472	983	(511)	(52.0)%	-	960	(960)	(100.0)%				
Fair value measurement of derivatives	5,548	32,495	(26,947)	(82.9)%	-	(546)	546	(100.0)%				
Other	39,004	3,878	35,126	n.m.	(9,570)	1,293	(10,863)	n.m.				
Total finance income	45,325	37,753	7,572	20.1%	(9,441)	1,790	(11,231)	(627.4)%				

The increase in this item is mainly due to higher Other finance income only partially offset by lower income arising from the fair value measurement of the embedded derivatives on the bonds that led to the recognition of income of € 32,495 thousand at September 30, 2013, compared to income of €5,548 thousand at September 30, 2014.

Other financial income at September 30, 2014 consists mainly of: i) the interest of €1,993 thousand (3,478 thousand at September 30, 2013) arising on the receivable from the parent Wind Telecom SpA under the intercompany agreement entered in November 2010, and repaid on April 23, 2014, for which details may be found in note 15; and ii) the interest of €36,803 thousand arising on the receivable from the parent Wind Acquisitions Holdings Finance SA under the intercompany agreements entered in April 23, 2014 and in August 4, 2014, for which details may be found in note 15.

The following table provides an analysis of **Finance expense** for the nine months and for the third quarter of 2014 compared with the corresponding periods of 2013.

<i>(thousands of euro)</i>	2014		2013		Change		2014		2013		Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%				
Interest expense on:												
Bond issues	(906,669)	(454,343)	(452,326)	99.6%	(405,636)	(158,666)	(246,970)	155.7%				
Bank loans	(133,099)	(135,190)	2,091	(1.5)%	(54,934)	(37,689)	(17,245)	45.8%				
Discounted provisions	(1,442)	(1,433)	(9)	0.6%	(481)	(477)	(4)	0.8%				
Cash flow hedges, reversed from equity	(142,263)	(64,245)	(78,018)	121.4%	(68,596)	(28,678)	(39,918)	139.2%				
Fair value measurement of derivatives	(67,983)	(8,430)	(59,553)	n.m.	(14,540)	(8,430)	(6,110)	72.5%				
Other	(9,549)	(45,591)	36,042	(79.1)%	18,965	(13,551)	32,516	(240.0)%				
Total finance expense	(1,261,005)	(709,232)	(551,773)	77.8%	(525,222)	(247,491)	(277,731)	112.2%				

Finance expense consists mostly of accrued interest on financial liabilities outstanding at September 30, 2014, for which further details may be found in note 20 and the effects of hedge accounting for derivatives under which a portion of the cash flow hedge reserve was reclassified to the income statement by €142,263 thousand (€64,245 thousand at September 30, 2013) and the loss of €67,983 thousand (€8,430 thousand at September 30, 2013) arising from the fair value measurement of the embedded derivatives on the bonds.

The decrease in *bank loan interest* is due to the early repayment of €575 million on April 29, 2013, of the Senior Facility Agreement and the early repayment of €573 million on July 10, 2014, of the Senior Facility Agreement.

Interest expense on Bond issues increase during the period over the nine months of 2013, due to: i) the placement completed on April 29, 2013, of the Floating Rate Senior Secured 2019 of €150 million and the Fixed Rate Senior Secured 2020 of USD550 million; ii) the placement completed on April 23, 2014, of a Senior Notes due 2021 of €1,750 million having a coupon of 7% and of a Senior Notes due 2021 of USD 2,800 million having a coupon of 7.375%, and, iii) the early repayment, on July 15, 2014, of the Senior Notes 2017, for which details may be found in note 20; iv) the placement completed on July 10, 2014, of a Senior Secured Notes due 2020 in a combination of €575 million euro-denominated Euribor 3 months plus 4.00% Floating Rate Notes and of €2,100 million 4.00% notes and of USD 1,900 million 4.75% notes and, v) the early repayment, on July 2014, of the Senior Notes 2018.

The changes described include the effects of the refinancing operation completed in April 2014 and July 2014 which led to an increase of €628,996 thousand in financial expense relating to: i) a redemption premium of €331,674 thousand, ii) the release of the residual fees included in amortized cost of €162,685 thousand, iii) the cost resulting from the extinction of the embedded derivative of €54,823 thousand, and iv) the release of suspended fees relating to hedging derivatives which have been closed of €79,814.

The decrease in *Other interest* is mainly due to lower financial expense of previous years of €30,944 thousand.

12 INCOME TAX

The following table provides an analysis of **Income tax** for the nine months and for the third quarter of 2014 compared with the corresponding periods of 2013.

(thousands of euro)	2014		2013		Change		2014		2013		Change	
	9 months	9 months	Amount	%	III quarter	III quarter	Amount	%				
Current tax	(49,369)	(114,577)	65,208	(56.91)%	(22,267)	(48,546)	26,279	(54.1)%				
Previous years income taxes	3,812	(4,153)	7,965	n.m.	10,611	(5,765)	16,376	n.m.				
Deferred tax	164,451	44,165	120,286	272.4%	91,642	26,906	64,736	240.6%				
Total income tax	118,894	(74,565)	193,459	(259.5)%	79,986	(27,405)	107,391	(391.9)%				

The net charge for the period is made up of the following:

- current income taxes expense of €49,369 thousand (of which €12,191 thousand for IRES tax and €37,178 thousand for IRAP tax) charged on the consolidated taxable income for the period;
- previous years income taxes of €3,812 thousand;
- net deferred tax income of €164,451 thousand, arising from an increase of €138,908 thousand in deferred tax assets and from the decrease of deferred tax liabilities of €25,543 thousand.

13 PROPERTY, PLANT AND EQUIPMENT

The following table sets out the changes in **Property, Plant and Equipment** during the first nine months of 2014.

<i>(thousands of euro)</i>	Carrying amount at December 31, 2013	Additions	Depreciation	Reversal of impairment losses/ (Impairment losses)	Disposals	Others	Carrying amount at September 30, 2014
Land and buildings	552	-	-	-	-	-	552
Plant and machinery	3,166,719	285,673	(516,003)	(5,678)	(2,636)	111,998	3,040,073
Equipment	22,943	5,732	(8,633)	-	(281)	780	20,541
Other	47,329	3,570	(15,763)	-	(6)	7,048	42,178
Assets under construction	196,924	82,404	-	-	-	(118,523)	160,805
Total	3,434,467	377,379	(540,399)	(5,678)	(2,923)	1,303	3,264,149

The cost, accumulated impairment losses and accumulated depreciation at September 30, 2014 can be summarized as follows.

<i>(thousands of euro)</i>	At September 30, 2014			Carrying amount
	Cost	Accumulated impairment losses	Accumulated depreciation	
Land and buildings	552	-	-	552
Plant and machinery	11,135,489	91,548	8,003,868	3,040,073
Equipment	155,345	15	134,789	20,541
Other	508,802	160	466,464	42,178
Assets under construction	161,447	642	-	160,805
Total	11,961,635	92,365	8,605,121	3,264,149

The investments made in the period relate mainly to radio links and high frequency equipment for the expansion of the mobile access network and plant and machinery under construction (3G and LTE technologies) and the respective transport and support networks.

In connection with an operation to replace transmission equipment being carried out to render the network more efficient and to obtain benefits from synergies, the net carrying amount of replaced equipment of €5,000 thousand was written off and investments have been recognized by €18,562 thousand resulting from the recognition as an increase in the market value of the equipment received as a replacement. In this regard, the value of equipment received as a replacement offsets of €4,264 thousand the impairment loss on the equipment replaced, while the remaining €14,298 thousand was suspended in other non-current liabilities and will be released in profit or loss over the useful life of the assets.

14 INTANGIBLE ASSETS

The following table sets out the changes in *Intangible assets* during the first nine months of 2014.

<i>(thousands of euro)</i>	Carrying amount at December 31, 2013	Additions	Amortization	Others	Carrying amount at September 30, 2014
Industrial patents and intellectual property rights	285,698	54,249	(85,266)	3,594	258,245
Concessions, licenses, trademarks and similar rights	4,161,166	6	(143,607)	-	4,017,565
Other intangible assets	497,846	60,974	(140,128)	13,338	432,030
Goodwill	3,606,241	-	-	-	3,606,020
Assets under development	24,183	21,966	-	(18,471)	27,678
Total	8,575,134	137,195	(369,001)	(1,539)	8,341,538

The cost, accumulated impairment losses and accumulated amortization at September 30, 2014 can be summarized as follows.

<i>(thousands of euro)</i>	At September 30, 2014			
	Cost	Accumulated impairment losses	Accumulated amortization	Carrying amount
Industrial patents and intellectual property rights	1,892,664	15,176	1,619,243	258,245
Concessions, licenses, trademarks and similar rights	5,778,454	1,002	1,759,887	4,017,565
Other intangible assets	1,777,664	23	1,345,611	432,030
Goodwill	3,609,387	3,367	-	3,606,020
Assets under development	27,678	-	-	27,678
Total	13,085,847	19,568	4,724,741	8,341,538

The investments made in the period relate mainly to capitalization of customer acquisition costs, software and other intangible assets under development.

No impairment tests were carried out on these assets at September 30, 2014 given the absence of impairment indicators.

15 FINANCIAL ASSETS

The following table sets out *Financial assets* at September 30, 2014 and at December 31, 2013.

<i>(thousands of euro)</i>	At September 30, 2014			At December 31, 2013		
	Non-current	Current	Total	Non-current	Current	Total
Financial assets measured at cost	15,159	-	15,159	15,159	-	15,159
Derivative financial instruments	165,321	-	165,321	68,548	-	68,548
Financial receivables	945,571	42,509	988,080	42,983	176,356	219,339
Total	1,126,051	42,509	1,168,560	126,690	176,356	303,046

At September 30, 2014 the item consists mainly of:

- financial assets of €15,159 thousand measured at cost which consist of investments in non-controlling interests;
- the positive fair value of derivative financial instruments of €165,321 thousand and which the composition is described in note 21;
- financial receivables of €988,080 thousand mainly including:
 - the loans of a global amount of €931,000 thousand granted by WIND to the parent Wind Acquisition Holdings Finance SpA resulting from the intercompany agreement of April 23, 2014 with reimbursement on March 2024 and with an annual fixed interest rate of 9% and the intercompany agreement of August 4, 2014 with reimbursement on August 2024 and annual fixed interest rate of 8.5%;
 - fees of €1,115 thousand (€37,358 thousand at December 31, 2013) of which €486 thousand in current assets, (€10,282 thousand at December 31, 2013) recognized for hedging derivatives arranged in the previous years, which are being amortized over the terms of these instruments;
 - the residual value of the transaction costs for the unused portion of bank loans equal to €7,355 thousand (€7,753 thousand at December 31, 2013) which are charged to profit and loss on a straight-line basis over the term of the agreement.

At December 31, 2013 this item also included the loan of €160,996 thousand granted by the Parent Company to the indirect parent Wind Telecom SpA based on the Intercompany Loan Agreement of November 29, 2010. On April 23, 2014 this receivable was settled by offset with a portion of the payable due to the indirect parent Wind Telecom SpA as part of the tax consolidation.

16 DEFERRED TAX ASSETS AND LIABILITIES

The following tables provide the variation of *Deferred tax assets* and *Deferred tax liabilities* by origin at September 30, 2014 and at December 31, 2013.

<i>(thousands of euro)</i>	At December 31, 2013	Decrease	Increase	At September 30, 2014
Allowance for doubtful accounts (taxed)	81,211	60,055	38,420	59,576
Provisions for risks and charges (taxed)	26,755	7,894	5,055	23,916
Measurement of financial assets/liabilities	13,969	-	166,177	180,146
Amortization and depreciation of non-current assets	43,855	5,580	4,695	42,970
Deferred tax assets	165,790	73,529	214,347	306,608
Employee benefits	3,931	2	69	3,998
Accelerated depreciation and amortization	13,031	682	-	12,349
Fair value of Property, plant, and equipment	63,325	5,168	-	58,157
Depreciation of Purchase Price Allocation	582,758	16,425	1,580	567,913
Deferred tax liabilities	663,045	22,277	1,649	642,417

Deferred tax assets at September 30, 2014 and December 31, 2013 which relate to items recognized directly in other components of profit or loss relate mainly to the transactions on derivatives hedging cash flows, as described in further detail in note 17.

17 EQUITY

The following table summarizes the main changes in **Equity** for the first nine months of 2014 and for the corresponding period in 2013.

<i>(thousands of euro)</i>	Equity attributable to the owners of the parent				Equity attributable to the owners of the parent	Non-controlling interests	Equity
	Issued capital	Share premium reserve	Other reserves	Retained earnings/(losses carried forward)			
Balances at December 31, 2012 (Reported amounts)	147,100	751,887	(95,861)	393,799	1,196,925	128	1,197,053
IAS 19 revised adoption effect			3,292		3,292		3,292
Balances at January 1, 2013	147,100	751,887	(92,569)	393,799	1,200,217	128	1,200,345
Total comprehensive income for period	-	-	58,956	(259,296)	(200,340)	(24)	(200,364)
- Loss for the period	-	-	-	(259,296)	(259,296)	(24)	(259,320)
- Cash flow hedges	-	-	58,956	-	58,956	-	58,956
Transactions with equity holders	-	-	-	-	-	-	-
Balances at September 30, 2013	147,100	751,887	(33,613)	134,503	999,877	104	999,981
Balances at January 1, 2014	147,100	751,887	(24,978)	(87,484)	786,525	84	786,609
Total comprehensive income for the period	-	-	1,079	(661,303)	(660,224)	(62)	(660,286)
- Loss for the period	-	-	-	(661,303)	(661,303)	(62)	(661,365)
- Cash flow hedges	-	-	898	-	898	-	898
- Remeasurement of defined benefit plans	-	-	181	-	181	-	181
Transactions with equity holders	-	-	-	-	-	-	-
Balances at September 30, 2014	147,100	751,887	(23,899)	(748,787)	126,301	22	126,323

On April 18, 2014, the parent's shareholders resolved the approval of the annual financial statements as of and for the year ended December 31, 2013 allocating the loss for the year of €491,085 thousand to losses carried forward.

Changes in the Group's equity during the period mainly arose from the decrease in the cash flow hedge reserve, as well as the loss for the period, as the effect of the income and the expense recognized among other components of the Consolidated Statement of Comprehensive Income for the period that relate entirely to the transactions on hedging derivatives on cash flows, as described in further detail in note 21. The following table shows the changes in the cash flow hedge reserve.

<i>(thousands of euro)</i>	Interest rate risk			Foreign currency risk			Cash Flow Hedge Reserve
	Gross reserve	Tax effect	Total	Gross reserve	Tax effect	Total	
At December 31, 2013	(62,692)	-	(62,692)	(41,553)	11,961	(29,592)	(92,284)
Changes in fair value	(3,591)	-	(3,591)	1,985	(580)	1,405	(2,186)
Reverse to income statement	(3,589)	-	(3,589)	9,428	(2,755)	6,673	3,084
At September 30, 2014	(69,872)	-	(69,872)	(30,140)	8,626	(21,514)	(91,386)

In addition, there is an increase of €181 thousand in the actuarial reserves as the effect of the income and the expense recognized among other components of the Consolidated Statement of Comprehensive Income for the year that relate to the remeasurements of employee defined benefit plans.

The share capital of the parent WIND Telecomunicazioni SpA at September 30, 2014 consist of 146,100,000 ordinary shares with no nominal value, fully subscribed and paid up by the sole shareholder WIND Acquisition Holdings Finance SpA.

Despite the encumbrances on the pledged shares underlying the share capital of the Parent held by WIND Acquisition Holdings Finance SpA, the voting rights at shareholders' meetings of the Parent are retained by WIND Acquisition Holdings Finance SpA by express contractual agreement as an exception to the provisions of paragraph 1, article 2352 of the Italian Civil Code.

18 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to the owners of the Parent; profit refers to continuing operations and discontinued operations. Both basic and diluted earnings per share have been calculated by using as a denominator the weighted average for the period of the number of outstanding shares, since there were no diluting effects at September 30, 2014 or September 30, 2013.

19 PROVISIONS

The following table sets out changes in **Provisions** during the first nine months of 2014.

<i>(thousands of euro)</i>	At December 31, 2013	Increases	(Decreases)	At September 30, 2014
Litigation	169,981	21,367	(109,663)	81,685
Restructuring	377	-	-	377
Universal service contribution (Presidential Decree no. 318/1997)	16,683	-	-	16,683
Product assistance	1,525	691	(756)	1,460
Dismantling and removal	38,225	-	(331)	37,894
Other provisions	47,588	9,069	(16,631)	40,026
Total	274,379	31,127	(127,381)	178,125

This item decreased by €96,254 thousand at September 30, 2014, as the net of accruals made principally for certain and probable liabilities arising from the obligations undertaken by the Group and the amounts utilized/released during the period including the utilization of the provision for the termination of agency relationships during the period and the payment in the period of an installment of the long-term incentive plan and the implementation of restructuring plans.

20 FINANCIAL LIABILITIES

The following table sets out an analysis of *Financial liabilities* at September 30, 2014 and changes with respect to December 31, 2013.

(thousands of euro)	At September 30, 2014			At December 31, 2013		
	Non-current	Current	Total	Non-current	Current	Total
Bonds issues	8,635,988	178,475	8,814,463	6,280,981	180,636	6,461,617
Bank loans	1,720,662	162,329	1,882,991	2,290,599	145,962	2,436,561
Loans from others	310,983	114,721	425,704	330,923	142,808	473,731
Derivative financial instruments	83,933	-	83,933	181,514	15,543	197,057
Total financial liabilities	10,751,566	455,525	11,207,091	9,084,017	484,949	9,568,966

The following tables provide the most important information regarding bank loans and bond issues outstanding at September 30, 2014.

(thousands of euro)	Carrying amount at September 30, 2014	Carrying amount at December 31, 2013	Nominal amount at September 30, 2014	Residual Commitment	Currency	Due date	Interest rate
Senior Facility Agreement							
- Tranche A1	2,826	36,966	2,897	2,897	EUR	11/26/2018	Euribor+4.25%
- Tranche A2	167,105	300,168	171,293	171,293	EUR	11/26/2018	Euribor+4.25%
- Tranche B1	1,075,280	1,312,209	1,113,921	1,113,921	EUR	11/26/2019	Euribor+4.50%
- Tranche B2	476,434	670,333	493,649	493,649	EUR	11/26/2019	Euribor+4.75%
- Revolving	149,972	99,997	150,000	600,000	EUR	10/29/2014	Euribor+4.25%
- Overdrafts	10,198	15,854	-	-			
- Other accrued interest	1,176	1,034	-	-			
Total	1,882,991	2,436,561	1,931,760	2,181,760			

(thousands of euro)	Carrying amount at September 30, 2014	Carrying amount at December 31, 2013	Nominal amount at September 30, 2014	Issue price	Currency	Due date	Interest rate	Price
Senior Notes 2017 €	-	1,272,519	-	96.3%	EUR	15/07/2014	11.75%	106.5%
Senior Notes 2017 \$	-	1,506,374	-	97.5%	USD	15/07/2014	11.75%	106.4%
Senior Secured Notes 2018 €	-	1,739,903	-	99.3%	EUR	15/02/2018	7.38%	105.8%
Senior Secured Notes 2018 \$	-	938,933	-	99.3%	USD	15/02/2018	7.25%	105.0%
Senior Secured Notes 2018 €	-	183,329	-	90.1%	EUR	15/02/2018	7.38%	105.0%
Senior Secured Notes 2018 \$	-	270,390	-	92.2%	USD	15/02/2018	7.25%	105.0%
Senior Secured Floating Rate Notes 2019 €	148,728	149,866	150,000	100.0%	EUR	01/05/2019	Euribor 3M+5.25%	100.6%
Senior Secured Fixed Rate Notes 2020 \$	439,849	400,303	435,435	100.0%	USD	01/05/2020	6.50%	105.0%
Senior Notes 2021 €	1,781,532	-	1,750,000	100.0%	EUR	04/23/2021	7.00%	103.0%
Senior Notes 2021 \$	2,268,311	-	2,216,760	100.0%	USD	04/23/2021	7.38%	100.8%
Senior Secured Notes 2020 €	2,097,971	-	2,100,000	100.0%	EUR	07/15/2020	4.00%	98.5%
Senior Secured Notes 2020 \$	1,506,233	-	1,504,230	100.0%	USD	07/15/2020	4.75%	95.9%
Senior Secured Floating Rate Notes 2020 €	571,839	-	575,000	100.0%	EUR	07/15/2020	Euribor 3M+4%	99.5%
Totale	8,814,463	6,461,617	8,731,425					

The following table provides the breakdown of effective interest rates and lending currency, net of derivative financial instruments, of loans at September 30, 2014.

<i>(thousands of euro)</i>						
At September 30, 2014						
	<5%	5%<x<7.5%	7.5%<x<10%	10%<x<12.5%	12.5%<x<15%	Total
Euro	842,695	5,933,976	-	132,093	-	6,908,764
US dollars	4,300	1,946,082	2,264,012	-	-	4,214,394
Total	846,995	7,880,058	2,264,012	132,093	-	11,123,158

The Senior Facility Agreement ("SFA") imposes certain covenants on the Group, with which the Group, at September 30, 2014 is fully in compliance.

It should be noted that WIND Telecomunicazioni SpA and its subsidiary Wind Acquisition Finance SA obtained, on March 26, 2014, the majority lenders' consent for the proposed amendments including maturity extension to WIND's Senior Facility Agreement. Under this transaction, on April 23, 2014, the Group completed the placement of a Senior Notes due 2021 of €1,750 million having a coupon of 7% and of a Senior Notes due 2021 of USD2,800 million having a coupon of 7.375%, maturing in 2020. This issue had the objective to put in place a more stable capital structure for the Group, through: i) the launch of a tender offer for the purchase of any and all outstanding 2017 Senior Notes, completed on July 15, 2014, with the early repayment of bond in EURO and in USD and ii) the disbursement to the parent Wind Acquisition Holdings Finance SpA of a loan up to €925 million (fully disbursed at September 30, 2014) with reimbursement on March 23, 2024 and with an annual fixed interest rate of 9%.

In addition, on July 10, 2014, the Group completed the placement of a Senior Secured Notes due 2020 in a combination of €575 million euro-denominated Euribor 3 months plus 4.00% Floating Rate Notes and of €2,100 million 4.00% notes and of USD1,900 million 4.75% notes. This issue aims to reduce interest costs, extend the maturity profile of the WIND group's debt and have a sustainable and manageable capital structure for the Group, through: i) the early repayment of Senior Secured Notes in EURO and in USD due 2018 and ii) repayment of non-extended part of the Senior Credit Facilities (€573 million).

The change in the balances in other financial liabilities results essentially from the repayment during the period of €50,383 thousand relating to the principal of loan from other banks against the deferred repayment plan of the fair value of the derivative instruments that were repaid with the refinancing of the Group's debt of November 26, 2010. An analysis of the *derivative financial instruments* balance and of the respective changes is found in note 21.

21 DERIVATIVE FINANCIAL INSTRUMENTS

The following table provides details of the outstanding *Derivative financial instruments* at September 30, 2014 and changes over December 31, 2013, analyzed by the type of risk hedged.

	At September 30, 2014		At December 31, 2013	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
- Exchange rate risk	162,811	10,164	6,556	124,453
- Interest rate risk	-	73,769	1,042	72,604
Total cash flow hedges	162,811	83,933	7,598	197,057
- Embedded derivatives on Bonds	2,510	-	60,950	-
Total Derivatives Non Hedge Accounting	2,510	-	60,950	-
Total	165,321	83,933	68,548	197,057

Changes in the fair value of derivatives arise mainly from variations in the interest rate curve and movements in the euro/USD exchange rate over the period.

The following table shows the detail of current and non-current derivative instruments.

	At September 30, 2014		At December 31, 2013	
	Fair Value (+)	Fair Value (-)	Fair Value (+)	Fair Value (-)
Current	-	-	-	15,543
Non current	165,321	83,933	68,548	181,514
Total derivatives	165,321	83,933	68,548	197,057

The detail of variation in the cash flow hedge reserve for the period may be found in note 17.

The financial instruments recognised in the statement of financial position at fair value are classified on the basis of a hierarchy required by IFRS 7 in the second level. During the period there were no transfers either from Level 1 to Level 2 or vice versa or from Level 3 to other levels or vice versa.

22 NET FINANCIAL DEBT

The following statement shows the Group's net financial debt broken down into its principal components, as already described in notes 15, 20 and 21 to the financial components of the statement of financial position.

<i>(thousands of euro)</i>	At September 30, 2014	At December 31, 2013
Bonds issues	8,635,988	6,280,981
Bank loans	1,720,662	2,290,599
Loans from other	310,983	330,923
Derivative financial instruments	83,933	181,514
Non-current financial liabilities	10,751,566	9,084,017
Bonds issues	178,475	180,636
Bank loans	162,329	145,962
Loans from others	114,721	142,808
Derivative financial instruments	0	15,543
Current financial liabilities	455,525	484,949
TOTAL GROSS FINANCIAL DEBT	11,207,091	9,568,966
Cash and cash equivalents	(143,043)	(140,770)
Derivative financial instruments	-	-
Financial receivables	(40,532)	(174,490)
Current financial assets	(40,532)	(174,490)
Derivative financial instruments	(165,321)	(68,548)
Financial receivables	(943,272)	(40,588)
Non-current financial assets	(1,108,593)	(109,136)
NET FINANCIAL DEBT	9,914,923	9,144,570

The net financial debt does not include the guarantee deposits for an amount of €4,276 thousand (classified both in current and non-current financial receivables) and €4,261 thousand at September 30, 2014 and at December 31, 2013, respectively.

23 CASH FLOW STATEMENT

Cash flows from operating activities, amounting to €267,925 thousand in the first nine months of 2014, decreased €276,862 thousand over the previous period of 2013, mostly as an effect of the changes in working capital relating to the settlement of current assets and liabilities.

Investing activities used cash totalling €1,263,901 thousand during the first nine months of 2014, representing an increase of €767,860 thousand over the previous period of 2013 due mainly to: i) the disbursement to the parent Wind Acquisition Holdings Finance SpA of a loan of €931,000 thousand, ii) the settlement by offset of the loan of the parent to the indirect parent Wind Telecom SpA based on the Intercompany Loan Agreement of November 29, 2010 of €162,988 thousand and iii) a reduction in investments in fixed assets of €780 thousand mainly arising from the optimization in the developments of products, services and support processes only partially offset by higher

investments in 3G and LTE mobile technology, as far as the data part is concerned, over the first nine months of 2013.

Cash flows from financing activities amounted to €998,249 thousand during the first nine months of 2014, mainly as the effect of:

- the early repayment of €2,693,624 thousand, made in April, 23 2014 and in July, 15 2014 of all of Senior Secured Notes 2017;
- the issue on April 2014 of a new bond Senior Notes due 2021 of €3,779,660 thousand;
- the issue on July 2014 of a new bond Senior Secured Notes due 2020 and 2019 of €4,058,831 thousand;
- the early repayment of €573,240 thousand of the non-extended part of the Senior Credit Facilities;
- the early repayment of €3,199,632 thousand, made in July 2014 of Senior Secured Notes 2018;
- the use of cash of €50,000 thousand in the first nine months of 2014, of the revolving tranche of the Senior Facility Agreement;
- the payment of €366,430 thousand of fees, mainly related to new Senior Notes 2021, 2020 and 2019;
- the repayment of €50,383 thousand, of part of the financial liability against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the Group's debt of November 26, 2010;
- the repayment of €1,557 thousand related to the loan against the capitalization of expenditure for the backbone rights of way.

In addition, financing activities at September 30, 2014 included the overdraft for an amount of €10,198 thousand (€15,854 thousand at December 31, 2013).

During the first nine months of 2013 investing activities used cash of €139,050 thousand mainly due to the use of cash of €50 million of the revolving tranche of the Senior Facility Agreement, the early repayment of €575 million of the installments of tranches A1 and A2 of the Senior Facility Agreement falling due in 2014 and 2015, the issue of a new bond having an amount, net of fees paid, of €563 million, the early repayment of €81,011 thousand, of the second installment of the payable due to the Ministry of Economic Development and the repayment of €71,365 thousand of part of the financial liability against the deferred repayment plan of the fair value of the derivative instruments hedging loans that were repaid with the refinancing of the Group's debt. In addition, financing activities at September 30, 2013 included the repayment of €21,827 thousand in the overdraft.

24 RELATED PARTY TRANSACTIONS

Transactions with related parties

Related party transactions are part of normal operations which are conducted on an arm's length basis from an economic standpoint and formalized in agreements, and mainly relate to transactions with telephone operators.

In reference to transactions with the indirect parent Wind Telecom SpA, the Parent receives services relating to IT, marketing, personnel, purchasing, etc; while in reference to transactions with the parent Wind Acquisition Holdings Finance SpA, on April 23, 2014 and on August 4, 2014 two loans intercompany of respectively up to €925,000 thousand (fully disbursed at September 30, 2014) and up to €75,000 (which €6,000 thousand disbursed at September 30, 2014) were signed, for which details may be found in note 15.

In addition, on April 23, 2014 the receivable of €171,075 thousand for the intercompany loan based on the agreement of November 29, 2010 between the Parent Company and the indirect parent Wind Telecom SpA was used to partially offset the liability arising from the transfer by the Parent Company of IRES corporate income tax liabilities as the result of adhesion to the national tax consolidation procedure with Wind Telecom SpA, while the remaining balance of €141,712 thousand due by WIND to the indirect parent Wind Telecom SpA was transferred by the latter on the same date to the direct parent Wind Acquisition Holdings Finance SpA.

During the period ended September 30, 2014, Group companies did not hold treasury shares of the Parent WIND Telecomunicazioni SpA, either directly or through trustees, or hold shares of the parent WIND Acquisition Holdings Finance SpA, or hold investments in the indirect parent Wind Telecom SpA.

The table below provides a summary of the main effects on the income statement and statement of financial position of related party transactions during the year.

(thousands of euro)

Period ended September 30, 2014

	Revenue	Finance income/ (expense)	Foreign exchange gains/(losses) net	Expenses	Trade receiv.	Other receiv.	Financial receiv.	Trade payables	Other payables
Armenija Telefon Kompani	8	-	-	1	-	-	-	4	-
Consortio Wind Team	-	-	-	2	-	3	-	-	-
DiGi (Malaysia)	10	-	-	1	6	-	-	4	-
DTAC/UCOM (Thailand)	4	-	-	11	16	-	-	5	-
Globalive Wireless Management	1,174	-	-	-	-	-	-	-	-
GrameenPhone (Bangladesh)	71	-	-	74	35	-	-	65	-
KaR-Tel	51	-	-	2	1	-	-	11	-
Kievstar	442	-	-	17,048	-	-	-	4,625	-
Maritim Communication Partner AS (Norway)	-	-	-	198	-	-	-	135	-
Mobitel LLC Georgia	1	-	-	13	-	-	-	49	-
Summit Technology Solutions (STS)	-	-	-	-	-	-	-	5	-
Orascom Telecom Algeria SpA	176	-	-	83	44	-	-	13	-
Orascom Telecom Bangladesh Ltd. (Banglalink)	3	-	-	12	91	-	-	-	-
Orascom Telecom Holding SAE	-	-	-	-	27	-	-	1,977	-
Pakistan Mobile Communications Ltd.	54	-	-	-	115	-	-	-	-
Powercom (Pty) Ltd T/A leo	-	-	-	3	-	-	-	2	-
SKY MOBILE LLC	1	-	-	1	1	-	-	2	-
Telenor Magyarorszag KFT (Hungary)	124	-	-	104	79	-	-	55	-
Telenor Mobile Communications AS (Norway)	50	-	-	27	-	-	-	37	-
Telenor Pakistan (Pakistan)	2	-	-	2	1	-	-	12	-
Telenor Serbia (Serbia)	95	-	-	44	75	-	-	273	-
Unitel	4	-	-	2	1	-	-	-	-
Vimpelcom ltd	824	-	-	-	-	2,635	-	-	-
VimpelCom Lao Co, Ltd	-	-	-	1	5	-	-	-	-
Vympel-Kommunikacii	781	-	-	4,574	274	-	-	1,374	-
Weather Capital Sarl	119	-	-	-	-	462	-	-	-
WIND Acquisition Holdings Finance SpA	33	36,803	-	-	-	2,029	967,803	273	141,712
Wind Telecom SpA	1,233	1,993	(431)	3,723	-	31,461	-	6,224	16,708
Wind Acquisition Holdings Finance II SA	13	-	-	-	-	98	-	-	-
Wind Acquisition Holdings Finance SA	58	-	-	-	-	226	-	-	81
SPAL TLC S.p.A. *	193,853	-	-	20,164	9,815	-	-	7,806	-
Vimpelcom International services	-	-	-	7,109	-	598	-	8,263	603
Telenor Sverige AB	46	-	-	-	7	-	-	-	-
Weather Capital Special Purposes I SA	90	-	-	-	-	321	-	-	-
Klarolux Investments Sarl	13	-	-	-	-	51	-	-	-
Orascom Luxembourg SARL	13	-	-	-	-	51	-	-	-
Orascom Telecom SARL	13	-	-	-	-	51	-	-	-
Orascom Telecom Finance SCA	13	-	-	-	-	51	-	-	-
Orascom Luxembourg Finance SCA	13	-	-	-	-	51	-	-	-
Orascom Telecom Acquisition	11	-	-	-	-	42	-	-	-
Orascom Telecom One Sarl	11	-	-	-	-	42	-	-	-
Orascom Telecom Oscar	19	-	-	-	-	73	-	-	-
VimpelCom Amsterdam B.V.	-	-	-	-	-	4,443	-	-	413
Cosmo Bulgaria Mobile EAD	29	-	-	100	-	-	-	25	-
Total	199,455	38,796	(431)	53,299	10,593	42,688	967,803	31,239	159,517

* revenue to SPAL TLC SpA include the revenue of WIND Telecomunicazioni SpA from the sale of phone cards (€177,572 thousand).

25 OTHER INFORMATION

Main pending legal proceedings

WIND is subject to various legal proceedings arising in the ordinary course of business. Below is a description of all material pending legal proceedings at September 30, 2014, excluding those situations in which the cost arising from a negative outcome of the proceedings cannot be estimated or for which a negative outcome is not considered probable.

Proceedings with agents

Certain proceedings are pending from time to time related to the termination of agency agreements. The agents in these proceedings typically are seeking payment from WIND of damages and indemnities, including a termination indemnity pursuant to article 1751 of the Italian Civil Code.

Proceedings concerning Misleading Advertising and Unfair Commercial Practices

Under Legislative decree no.146/2007, the Italian Antitrust Authority has the power to initiate proceedings concerning unfair commercial practices and misleading advertising and issue fines of up to €5 million for each proceeding (amount redefined by Law no. 135/12 August 2012). During 2014, AGCM initiated three proceedings against WIND for unfair commercial practices, all of which are on-going.

Audit by the Italian Tax Authority

Agenzia delle Entrate ("ADE") (Italian Tax Authority) conducted a tax audit on senior lenders under the senior facility agreement dated 24 November 2010 ("SFA") and challenged the non-application of substitute tax on the SFA. Each senior lender is liable for the substitute tax challenged on its own portion of the SFA, but may claim indemnification from WIND Telecomunicazioni SpA. The indemnification right has already been exercised. It should be noted that the assessments are being appealed by the senior lenders in coordination with WIND Telecomunicazioni SpA.

In the fourth quarter of 2013 the Guardia di Finanza ("GDF") (Italian Tax Police) initiated an audit for Corporate Income Tax and withholding tax purposes on WIND Telecomunicazioni SpA. The audit ended on 18 April 2014 with a tax audit report where GDF challenged, for corporate tax purposes, the deduction of certain financial expenses incurred by Wind Acquisition Finance SpA (merged into WIND Telecomunicazioni SpA) relating to FY 2005.

Contingent assets and liabilities

The WIND Group had the following contingent liabilities at September 30, 2014.

Proceedings Concerning Electromagnetic Radiation

Certain proceedings against WIND are pending from time to time regarding the installation of base radio stations. The proceedings typically concern the emission of electromagnetic radiation.

Audit on dealers' fees

In 2001 WIND received a dispute notice from the tax authorities regarding the tax treatment adopted in 1999, 2000 and 2001 for certain fees paid to dealers. The court of the second instance found in favour of WIND for 1999 and 2001 while it found against WIND for 2000. These cases currently remain pending before the supreme court. The dispute can be quantified in approximately €6 million plus penalties and interest.

WIND/Crest One SpA

Crest One SpA ("Crest One") initiated proceedings against WIND for: (i) the refund of an amount of approximately €16 million, previously paid to WIND by Crest One as value added tax under a distribution agreement entered into between Crest One and WIND, and (ii) the compensation of damages alleged to have been suffered by Crest One pursuant to the payment of such value added tax by Crest One to WIND. The Court of Rome has rejected Crest One's claims, which has challenged before the Court of Appeal. The next hearing is set for January 30, 2018.

WIND-Antitrust Authority (A/357)

On August 3, 2007, the Antitrust Authority closed proceeding no. A/357 by ruling against WIND and Telecom Italia for abuse of their dominant positions in the wholesale termination market due to the discriminatory application of economic and technical conditions for fixed-to-mobile on net (fixed-mobile calls originating and terminating on the WIND network) and intercom calls (the calls on the internal telephone lines of a business customer) in favour of their respective internal divisions and to the detriment of fixed-line competitors. WIND was fined and paid a sum of €2 million and ordered to cease the discriminatory behaviour. WIND exhausted all avenues of appeal seeking to annul the decision.

Fastweb/WIND

On January 2, 2014, Fastweb served a claim on WIND based on the antitrust proceedings no. A/357 – which in August 2007 condemned WIND and Telecom Italia for abuse of their dominant positions in the wholesale termination market in favour of their respective internal commercial divisions and to the detriment of the competitors in the fixed market (i.e. internal-external discriminatory application of economic and technical conditions for fixed-to-mobile on net and intercom calls to the business clients). Following a delay due to a substitution of the assigned judge, the first hearing date, scheduled on October 8, 2014, has been postponed on March 4, 2015.

WIND-Antitrust Authority (I/757)

On September 13, 2012, the AGCM opened an antitrust investigation in respect of three Italian MNOs (Telecom Italia, Vodafone and WIND). The investigation started following a complaint by an Italian MVNO, Bip Mobile. Bip Mobile claimed an alleged agreement between Telecom Italia, Vodafone and WIND aiming at preventing the entry of Bip Mobile into the Italian mobile market through collusive pressure on the multi-brand point of sales starting in June, 2012. AGCM extended the scope of the investigation against Telecom Italia and WIND, contesting possible vertical agreements with their respective multibrand dealers aiming at excluding the competitors. WIND filed undertakings to AGCM on April 4, 2014, which AGCM published on April 22, 2014. On June 10, 2014, WIND attended a formal hearing with AGCM's Communication Unit. The proceeding initially scheduled to be completed on October 30, 2014 has been postponed on December 31, 2014.

Guarantees

No Group company has pledged any guarantees, either directly or indirectly, in favor of parents or companies controlled by the latter.

The collateral pledged by Group companies at September 30, 2014 as a guarantee for liabilities may be summarized as follows:

- a special lien pursuant to article 46 of the Consolidated Banking Law on certain assets, present and future, belonging to the Parent as specified in the relevant deed, in favor of the banking syndicate party to the Senior Facility Agreement and other creditors specified in the relevant deed;
- a lien exists on the Parent's trademarks and intellectual property rights, as specified in the relevant deed, pledged in favor of the banking syndicate party to the Senior Facility Agreement and other creditors specified in the relevant deed;
- pledge of 12,006.200 shares representing 100% of the corporate capital of the subsidiary Wind Acquisition Finance SA owned by WIND Telecomunicazioni SpA and in favor of a pool of banks pursuant the related share pledge agreement;
- pledge under English law over a bank account of WIND Telecomunicazioni S.p.A. in favor of the banking syndicate party to Senior Facility Agreement and the other creditors specified in the related deed of pledge;
- assignment under English law of receivables arising from contracts of hedging of WIND Telecomunicazioni S.p.A. in favor of banking syndicate to Senior Facility Agreement and the other creditors specified in the related deed of assignment.

Finally, in order to provide a guarantee for its obligations, the Parent has pledged as security its trade receivables, receivables arising from intercompany loans and receivables relating to insurance policies, present and future, as described in the specific instrument, to the banking syndicate in accordance with the Senior Facility Agreement, as amended and supplemented from time to time, and the other lending parties specified in the supplemental deed related to the respective contract of guarantee, and in favor of the subscribers of the Senior Secured Fixed Rate Notes expiring in 2020 and of Senior Secured Floating Rate notes expiring in 2019, issued by Wind Acquisition Finance SA on April 29 2013 as well as the subscribers of Senior Secured Fixed Rate Notes expiring in 2020 and Senior Secured Floating Rate Notes expiring in 2020 issued by Wind Acquisition Finance SA on July 10, 2014. Moreover, the Parent has pledged as security its receivables arising from the Put and Call option dated May 26, 2005 as described in the relevant deed, to the banking syndicate in the Senior Facility Agreement and the other lending parties specified therein as a guarantee for and in favor of the subscribers of the aforementioned secured notes expiring in 2019, 2020 and from the purchase agreement of the stake in the corporate capital of WIND Telecomunicazioni S.p.A. dated May 26, 2005.

A description is provided below of personal guarantees (sureties) issued mainly by banks and insurance companies on behalf of the Group and in favor of third parties in respect of commitments of various kinds. The total of these, amounting to €352,852 thousand at September 30, 2014 includes:

- sureties totaling €14,717 thousand issued by insurance companies, mainly relating to participation in tenders;
- sureties totaling €338,135 thousand issued by banks, relating to participation in tenders, of which €276,630 thousand in favor of the Minister for Economic Development for the participation in the tender procedure it had been awarded the frequency use rights in the 800, 1800, 2000 and 2600 MHz bands, to sponsorships, property leases, operations regarding prize competitions, events and excavation licenses.

The Parent has been under the management and coordination of VimpelCom Ltd since November 2013.

26 SUBSEQUENT EVENTS

No significant events took place after the closing of this consolidated interim financial statements as of and for the period ended September 30, 2014 that would require adjustments or additional disclosures in the consolidated financial statements.